



HYFLUX LTD

(Incorporated in the Republic of Singapore)

(Registration No. 200002722Z)

DISPOSAL BY THE GROUP OF 50% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF PT OASIS WATERS INTERNATIONAL

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Hyflux Ltd (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Hyflux Consumer Products Pte. Ltd. (the "**Vendor**"), has disposed of 150,000 ordinary shares (the "**Disposal Shares**"), comprising 50% of the share capital of PT Oasis Waters International ("**PT Oasis**") (representing the Vendor's entire shareholding interest in PT Oasis) pursuant to a sale and purchase agreement (the "**SPA**") dated 19 November 2018 entered into between the Vendor and Clivers Company Limited (the "**Purchaser**") (the "**Disposal**").

Completion of the Disposal ("**Completion**") took place on 19 November 2018 and accordingly, PT Oasis ceased to be an associated company of the Company.

2. INFORMATION ON PT OASIS AND THE PURCHASER

2.1 Information on PT Oasis

PT Oasis is a limited liability company incorporated in the Republic of Indonesia. It currently manufactures, sells, markets and distributes bottled drinking water in Indonesia. As at the date of this announcement, PT Oasis has an issued share capital of IDR300,000,000,000 comprising of 300,000 ordinary shares of par value IDR1,000,000 each.

2.2 Information on the Purchaser

The Purchaser is an investment company based in Hong Kong.

For the avoidance of doubt, the Purchaser is a third party which is not an interested person (as defined in the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Disposal is therefore not an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

3. RATIONALE FOR THE DISPOSAL

The decision was made to undertake the Disposal as part of the Company's efforts to streamline its business activities and to re-focus on its core activities in the infrastructure sector.

4. SALIENT TERMS OF THE DISPOSAL

4.1 Consideration

The aggregate consideration for the Disposal (excluding transaction costs) was S\$32.0 million (the "**Consideration**"), which was arrived at after arms' length negotiations and on a willing-buyer willing-seller basis after taking into account the rationale for the Disposal (as described in paragraph 3 above).

The Consideration, less statutory deductions of 5% of the Consideration which was withheld pursuant to Indonesian law, was paid to the Vendor in full in cash on Completion.

4.2 Signing and Completion

Signing of the SPA and Completion under the SPA took place simultaneously on 19 November 2018.

5. LOSS ON THE DISPOSAL AND USE OF SALE PROCEEDS

5.1 Based on the latest announced financial statements of the Company, being the unaudited financial results for the three (3)-month period ended 31 March 2018 (the "**Unaudited 3MFY2018 Results**"), the book value of the Disposal Shares as at 31 March 2018 is the same as the net tangible asset value, which is S\$32.3 million. There is no open market value for the Disposal Shares as they are not being publicly traded.

The Consideration represents a deficit of approximately S\$0.3 million of the book value or net tangible asset value of the Disposal Shares.

- 5.2 The estimated sale proceeds from the Disposal, based on the Consideration and after deducting 5% of the Consideration which was withheld pursuant to Indonesian law, is approximately S\$30.4 million. The Vendor will first utilize approximately S\$13.9 million of the sale proceeds to repay intercompany payments due to a wholly-owned subsidiary of the Company, and to the Company itself. The remaining sale proceeds will then be utilized as a subordinated loan from the Vendor to the Company for the Group's working capital purposes.

6. CHAPTER 10 OF THE LISTING MANUAL

- 6.1 Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. The relative figures for the Disposal as computed on the bases set out in Rule 1006 of the Listing Manual, based on the Unaudited 3MFY2018 Results, are as follows:

Rule 1006 ⁽¹⁾	Base	Relative Figure (%)
(a)	Net asset value of the Disposal Shares, compared with the Group's net asset value	3.2 ⁽²⁾
(b)	Net profits attributable to the Disposal Shares, compared with the Group's consolidated net loss	0.0 ⁽³⁾
(c)	Aggregate value of the consideration for the Disposal compared with the market capitalisation of the Company	19.4 ⁽⁴⁾

Notes:

- (1) Rules 1006(d) and 1006(e) of the Listing Manual are not relevant to the Disposal.
- (2) Based on the carrying value of PT Oasis as at 31 March 2018, the net asset value of the Disposal Shares is approximately S\$32.3 million. Based on the Unaudited 3MFY2018 Results, the net asset value of the Group is approximately S\$1,000.2 million.
- (3) PT Oasis is managed by the joint venture partner, PT Gunawan Sejahtera, and not the Company. Based on the latest audited financial statements of PT Oasis for the financial year ended 31 December 2016 ("**PT Oasis**")

FY2016 Audited Financial Information"), which was the last audited statements received by the Company, the net profits attributable to the Disposal Shares is approximately IDR1,934,406,045.50 (approximately S\$208,025 (based on an illustrative exchange rate of S\$1:IDR 9,298.92). The latest consolidated full year financial results for the Group are in respect of its financial year ended 31 December 2017. For illustrative purposes only, the relative figure for Rule 1006(b) computed on this basis is shown below:

Net Profits Attributable to the Disposal Shares based on PT Oasis FY2016 Audited Financial Information	Group's Net Loss for the financial year ended 31 December 2017	Relative Figure (%)
S\$208,025	Approximately S\$106.3 million	-0.2

- (4) The aggregate cash consideration to be payable by the Purchaser for the Disposal Shares is based on the Consideration of S\$32.0 million.

The Company's market capitalisation is approximately S\$164.9 million which was computed based on the total number of issued ordinary shares ("**Shares**") in the capital of the Company of 785,284,989 Shares as at 12 October 2018, multiplied by the volume weighted average price of the Shares on the SGX-ST on 18 May 2018 of S\$0.21 per Share. 18 May 2018 was the last trading day of the Shares on the SGX-ST prior to the subsisting trading suspension.

- 6.2 As the relative figure for Rule 1006(c) exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual for which shareholder's approval is not required.
- 6.3 Rule 1007(1) of the Listing Manual provides that if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, the provisions of Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST and issuers should consult the SGX-ST. As the relative figure for Rule 1006(b) based on the PT Oasis FY2016 Audited Financial Information is a negative figure, the Company had, in accordance with Rule 1007(1) of the Listing Manual, consulted the SGX-ST who confirmed the Company's view that (a) shareholders' approval will not be required for the Disposal; (b) an announcement via the SGXNET in relation to the Disposal pursuant to Rule 1010 of the Listing Manual will suffice; and (c) in the event the Consideration exceeds the target sale consideration and that only Listing Rule 1006(c)'s relative figure exceeds the 20% threshold, point (b) will still apply.

7. FINANCIAL EFFECTS OF THE DISPOSAL

The financial effects have been prepared for illustrative purposes only and are neither indicative of the actual financial effects of the Disposal on the net tangible assets ("**NTA**") per Share and earnings per Share ("**EPS**") of the Group, nor do they represent the actual financial position and/or results of the Group immediately after the Disposal.

The financial effects of the Disposal on the Group are as follows:

	Before the Disposal⁽¹⁾	After the Disposal
NTA per Share (cents)⁽²⁾	125.6 cts	125.4 cts
EPS (cents)⁽³⁾	(21.79 cts)	(22.04 cts)
Gearing	1.20x	1.17x

Notes:

- (1) Based on the latest announced audited consolidated financial statements of the Group for FY2017.
- (2) On the assumption that the Disposal had been effected on 31 December 2017. NTA per Share is derived based on the number of Shares in issue of 785,284,989 (excluding treasury shares) as at 31 December 2017.
- (3) On the assumption that the Disposal had been effected on 1 January 2017. EPS is derived based on the weighted number of Shares in issue of 785,284,989 (excluding treasury shares) as at 31 December 2017.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal, save in respect of their respective directorships and shareholdings (if any) in the Company.

9. SERVICE CONTRACTS

No directors are proposed to be appointed to the Board in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection by stakeholders during normal business hours at the registered office of the Company at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949, for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
Submitted to SGX-ST on 19 November 2018