



## **HYFLUX LTD**

Company Registration No.: 200002722Z  
(Incorporated in the Republic of Singapore)

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## **INJECTION OF 2 WATER TREATMENT PLANTS IN THE PRC TO GALAXY NEWSRING PTE. LTD.**

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### 1. Introduction

1.1 Hyflux's (the "Company's") wholly-owned subsidiary, Spring China Utility Ltd. ("Spring China"), has today entered into a sale and purchase agreement ("SPA") with Galaxy NewSpring Pte. Ltd. ("Galaxy") in relation to the injection by Spring China to Galaxy of its entire equity interest in each of Hyflux Utility WTP (DZ) Pte. Ltd. and Hyflux Utility WWT (HCHX) Pte. Ltd. (collectively "Target Companies"), which are respectively wholly-owned subsidiaries of Spring China ("Transaction").

1.2 Galaxy was incorporated in August 2010 as the designated joint venture vehicle of the Company and Mitsui & Co., Ltd. ("Mitsui") to invest, develop, construct, operate and maintain water plants in the People's Republic of China (the "PRC"). Galaxy is held in equal shares by the Company's wholly-owned subsidiary, Hyflux Asset Management Pte. Ltd. and Mitsui.

1.3 The Transaction has been entered into in furtherance of the intent of the joint venture between the Company and Mitsui ("Joint Venture").

### 2. Transaction

2.1 The Target Companies are special purpose vehicles which hold the Company's following 2 plants in the PRC:

- (a) Shandong Xiajin Water Treatment Plant; and
- (b) Chongqing Hexin District Wastewater Treatment Plant.

2.2 The aggregate consideration payable by Galaxy under the SPA for the Transaction is US\$41,208,580.20 ("Aggregate Purchase Consideration"), which is payable in tranches (including on Completion), upon the fulfilment of certain conditions which are set out in the SPA.

The Aggregate Purchase Consideration was arrived after taking into account the net book asset value of the Target Companies and the intent of the Joint Venture, and will be wholly satisfied in cash.

The net tangible asset value of the Company's interest in the Target Companies was approximately US\$25,200,000 as at 31 December 2010.

2.3 Completion has taken place today, concurrently with the signing of the SPA.

3. Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction.

**By Order of the Board**

Cho Wee Peng  
Group CFO  
27 December 2011