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**HYFLUX LTD**

Company Registration Number: 200002722Z  
(Incorporated in the Republic of Singapore)

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**PROPOSED ISSUANCE OF S\$300,000,000 IN AGGREGATE PRINCIPAL AMOUNT  
OF 5.75% PERPETUAL CAPITAL SECURITIES**

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Hyflux Ltd (the “**Company**”) wishes to announce that it has on 15 January 2014, entered into a subscription agreement (the “**Subscription Agreement**”) with DBS Bank Ltd. (“**DBS**”) as the sole lead manager and bookrunner in connection with the offer and proposed issuance (the “**Proposed Issue**”) of S\$300,000,000 in aggregate principal amount of 5.75% perpetual capital securities (the “**Capital Securities**”). Pursuant to the Subscription Agreement, DBS has agreed and undertaken to subscribe and/or procure subscribers for all the Capital Securities at an issue price of 100% of their principal amount.

The Capital Securities will be offered pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Singapore, Cap. 289 (“**SFA**”), as well as under Regulation S of the United States Securities Act of 1933.

The Capital Securities, which will be issued in the denomination of S\$250,000, will be perpetual and will confer a right to receive distribution payments at a rate of 5.75% per annum with the first distribution rate reset falling on 23 January 2017 and subsequent resets occurring every three years thereafter. The distribution will be payable semi-annually in arrears on a discretionary basis and will be cumulative in accordance with the terms and conditions of the Capital Securities (the “**Conditions**”). The Capital Securities will constitute direct, unconditional, unsecured and subordinated obligations of the Company and will rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the Conditions). The rights and claims of the holders of the Capital Securities and the trustee for such holders will, in the event of a winding-up of the Company (subject to and to the extent permitted by applicable law), rank in such winding-up (i) junior to the rights and claims of all Senior Creditors (as defined in the Conditions) of the Company, (ii) *pari passu* with each other and with the rights and claims of Parity Creditors (as defined in the Conditions) or holders of Parity Obligations, and (iii) senior to the rights and claims of Junior Obligations (as defined in the Conditions). The Capital Securities may be redeemed at the option of the Issuer, in whole or in part, on 23 January 2017 or on any Distribution Payment Date (as defined in the Conditions) thereafter and otherwise upon the occurrence of certain redemption events specified in the Conditions.

In connection with the Proposed Issue and as the Capital Securities, when issued, are intended to be listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Company has submitted a listing application to the SGX-ST and is pleased to inform Shareholders that approval in-principle (“**AIP**”) has been granted by the SGX-ST for the listing and quotation of the Capital Securities subject to the conditions set out in the SGX-ST’s written response to the listing application. The aforesaid conditions include, among others, the following:

- (a) a written undertaking from the Company that all the Capital Securities will only be offered to persons specified in Sections 274 and 275 of the SFA in Singapore (or such equivalent terms in the relevant jurisdictions where the Capital Securities are subscribed);
- (b) a written confirmation from the Company that the offering circular contains all information that the persons specified in Sections 274 and 275 of the SFA in Singapore (or such equivalent terms in the relevant jurisdictions where the Capital Securities are subscribed) would customarily expect to see in introductory documents or offering circulars for similar debt issues; and
- (c) a duly signed undertaking in the format set out in Appendix 2.3.1 of the SGX-ST Listing Manual.

*Please note that the AIP granted by the SGX-ST for the listing and quotation of the Capital Securities is not to be taken as an indication of the merits of the Capital Securities.*

The proceeds from the Proposed Issue (after deducting for expenses relating to the offer and issuance of the Capital Securities) are intended to be used for the investments of the Company, its subsidiaries, associated companies and joint ventures, for the repayment of existing borrowings, for general working capital, and for general corporate purposes.

The closing date for the subscription of the Proposed Issue is tentatively scheduled for 23 January 2014.

## **BY ORDER OF THE BOARD**

Lim Poh Fong  
Company Secretary

15 January 2014

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*The Capital Securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state of the United States or of any other jurisdiction. This announcement does not constitute an offer of securities for sale in the United States. No public offering of the Capital Securities will be made in the United States, and the Company does not intend to register any part of the Issue in the United States.*