



HYFLUX LTD

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

DIVESTMENT OF INTERESTS IN HYFLUX MARMON DEVELOPMENT PTE LTD

Hyflux Ltd (“Hyflux” and together with its subsidiaries, the “Group”) wishes to announce that Hyflux has entered into a share purchase agreement (“SP Agreement”) with Marmon Water (Singapore) Pte Ltd (“MWS”) for the sale of its entire 50% equity interest in Hyflux Marmon Development Pte Ltd (“HMD”) to MWS (the “Divestment”).

HMD is a company incorporated in Singapore with a total issued and paid-up share capital of S\$6,250,000. HMD’s other 50% equity interest is held by Marmon Water, Inc., an affiliate of MWS.

HMD’s principal activities are research and development on water treatment technologies, with particular focus on combined membrane and media filtration, which have since been successfully applied and integrated into a wide range of consumer applications.

Such technologies are non-integral to Hyflux’s realigned product focus and existing suite of consumer products. Going forward, Hyflux will continue to expand and develop integral membrane technology for applications across industries including industrial and municipal markets.

The total cash consideration for the Divestment is US\$43.4 million (equivalent to S\$55.1 million), which was negotiated on a willing buyer, willing seller basis, taking into account, inter alia, the Group’s share of HMD’s unaudited net assets as of 31 December 2013. The excess of the sale proceeds over the net book value and estimated transaction costs is approximately S\$53.9 million. The sale proceeds from the Divestment is intended to be used for strategic investments and working capital purposes.

The completion of the Divestment is subject to the satisfaction of certain conditions and approvals under the SP Agreement.

Following the Divestment, HMD will cease to be a joint venture of the Group but Hyflux will continue to provide the appropriate level of technology support.

The pro forma financial effects of the Divestment on the Net Tangible Assets (“NTA”) per share and Earnings Per Share of the Group are as set out below. The financial effects have been prepared based on the unaudited consolidated financial results of the Group for the financial year ended 31 December 2013 (“FY2013”) and are prepared purely for illustrative purposes and therefore do not reflect the actual financial position of the Group after completion of the Divestment.

	Before the Divestment	After the Divestment
NTA per share (cents) ⁽ⁱ⁾	5.8	12.3
Earnings per share (cents) ⁽ⁱⁱ⁾	2.4	8.9

Notes:

- (i) Assuming the Divestment had been effected on 31 December 2013 (being the end of FY2013).
- (ii) Assuming the Divestment had been effected on 1 January 2013 (being the beginning of FY2013)

Based on the latest announced unaudited consolidated financial statements of the Group for FY2013, the relative figures for the Divestment computed based on Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset ⁽¹⁾ value of HMD to be disposed of, compared with the Group's net asset value	0.1
(b)	Net profits ⁽²⁾ attributable to HMD to be disposed of, compared with the Group's net profits	0.1
(c)	Aggregate value of the cash consideration, compared with Hyflux's market capitalisation ⁽³⁾	5.4
(d)	Number of equity securities issued by Hyflux as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) Net assets means total assets less total liabilities. Net assets of HMD as of 31 December 2013 amounting to S\$1.0 million.
- (2) Net profits means profit or loss before income tax, minority interests and extraordinary items.
- (3) Market capitalisation is calculated based on S\$1.23 per Share, being the volume weighted average price of the Shares traded on 10 March 2014, multiplied by 827,007,989 Shares (excluding treasury shares) in issue.

As one of the relative figures under Rule 1006 for the Divestment exceeds 5% but none exceeds 20%, the Divestment constitutes a discloseable transaction for the purposes of Chapter 10 of the Listing Manual but is not subject to the approval of the shareholders of Hyflux.

None of the directors and controlling shareholders of Hyflux has any interest, direct or indirect, in the Divestment. No person is proposed to be appointed as a director of Hyflux in connection with the Divestment. Accordingly, no service contract is proposed to be entered into between Hyflux and any such person.

A copy of the SP Agreement is available for inspection during normal business hours at the registered office of Hyflux located at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949 for 3 months from the date of this announcement.

BY ORDER OF THE BOARD

LIM POH FONG
COMPANY SECRETARY
SUBMITTED ON 11 MARCH 2014 TO SGX-ST