



HYFLUX LTD

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

**SALE AND LEASE-BACK OF
80 BENDEMEER ROAD, HYFLUX INNOVATION CENTRE,
SINGAPORE 339949**

1. INTRODUCTION

Hyflux Ltd (“Hyflux” and together with its subsidiaries, the “Group”) wishes to announce that its wholly-owned subsidiary, Hyflux Innovation Centre Pte. Ltd. (“Hyflux Innovation Centre”), has today entered into a property sale and purchase agreement (the “Property Sale Agreement”) with HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of Ascendas Real Estate Investment Trust (“Purchaser”) by which Hyflux Innovation Centre has agreed to sell, and the Purchaser has agreed to purchase, the building known as 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949 (the “Property”) upon the terms and subject to the conditions of the Property Sale Agreement (the “Divestment”).

After the Divestment, the Group remains the major tenant of the Property with a lease-back agreement with the Purchaser for a term of 15 years.

2. CONSIDERATION

The cash consideration for the Divestment is S\$170 million (the “Consideration”) arrived at on a willing buyer, willing seller basis.



3. INFORMATION ON PURCHASER

The Purchaser is HSBC Institutional Trust Services (Singapore) Ltd in its capacity as trustee of Ascendas Real Estate Investment Trust ("A-REIT"), a business space and industrial real estate investment trust.

4. PRINCIPAL TERMS

The Divestment is subject to a leaseback of the Property from the date of completion for a term of 15 years thereafter on customary terms and conditions. The transaction is expected to be completed by 30 June 2014.

The Property is currently about 83.9% occupied and the Group will provide rental support for the remaining vacant space for three years.

5. RATIONALE FOR THE PROPOSED DIVESTMENT

In line with the Group's capital utilisation strategy, the Divestment will free up funds for more productive use of capital.

The released capital will be used for strategic investments in 3 main areas:

1. The acquisition of new technology and investments in R&D;
2. To expand and automate the Group's membrane manufacturing operations in Tuas Hub to increase productivity; and
3. To finance the Group's tender of infrastructure projects.

6. VALUE OF, AND NET PROFITS ATTRIBUTABLE TO PROPERTY

The estimated excess of the sale proceeds over the net book value, rental support, estimated directly attributable expenses and other charges is approximately S\$84 million.



7. FINANCIAL EFFECTS

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 last audited consolidated financial statements 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	16.0
Earnings per share (cents) ⁽ⁱⁱ⁾	2.4	12.6

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).

8. DISCLOSABLE TRANSACTION

Based on the latest announced unaudited consolidated financial statements of the Group for the period ended 31 March 2014, 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 the Property to be disposed of, compared with the Group's net asset value	4.8
(b)	Net profits ⁽²⁾ attributable to the Property compared with the Group's net profits	5.7



Rule 1006	Bases	Relative Figures (%)
(c)	Aggregate value of the Consideration, compared with Hyflux's market capitalisation ⁽³⁾	17.7
(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 mean total assets less total liabilities. Net asset value of the Property as of 31 March 2014 amounted to S\$57 million.
- (2) Net profits mean profit or loss before income tax, minority interests and extraordinary items.
- (3) Market capitalisation is calculated based on S\$1.16 per share, being volume weighted average price of the shares traded on 24 June 2014, multiplied by 827,226,989 shares (excluding treasury shares) in issue.

As two of the relative figures computed under Rule 1006 for the Divestment exceed 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.

9. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors or controlling shareholders of Hyflux has any interest, direct or indirect, in the Divestment, other than through their respective interests (if any) in Hyflux.



10. FURTHER INFORMATION

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.

11. DOCUMENTS FOR INSPECTION

A copy of the Property Sale 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 three months from the date of this announcement.

BY ORDER OF THE BOARD

LIM POH FONG
COMPANY SECRETARY
SUBMITTED ON 25 JUNE 2014 TO SGX-ST