

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

A copy of this Offer Information Statement (as defined herein) has been lodged with the Authority (as defined herein). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgment of this Offer Information Statement with the Authority does not imply that the SFA (as defined herein), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Class A Cumulative Preference Shares (as defined herein) being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from the SGX-ST (as defined herein) for the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. Approval in-principle granted by the SGX-ST for the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Class A Cumulative Preference Shares, the Offer (as defined herein), Hyflux Ltd (“Hyflux”) and/or its subsidiaries.

Investors who are members of the CPF (as defined herein) in Singapore may, subject to the applicable CPF rules and regulations, use their CPF Funds (as defined herein) to purchase, or subscribe under the Public Offer (as defined herein) for, the Class A Cumulative Preference Shares as an investment included under the CPF Investment Scheme – Ordinary Account. CPF members are allowed to invest up to 35% of the Investible Savings (as defined herein) in their CPF Ordinary Accounts to purchase, or subscribe under the Public Offer for, the Class A Cumulative Preference Shares.

This Offer Information Statement may not be sent to any person or any jurisdiction in which it would not be permissible to make an offer of the Class A Cumulative Preference Shares, and the Class A Cumulative Preference Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. **The Class A Cumulative Preference Shares have not been and will not be registered under the Securities Act (as defined herein), or under any securities laws of any state or other jurisdiction of the United States and subject to certain exceptions, may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States (as defined in Regulation S (as defined herein)). The Class A Cumulative Preference Shares are being delivered or offered and sold outside the United States in offshore transactions in reliance on Regulation S.**

No Class A Cumulative Preference Shares shall be allotted on the basis of this Offer Information Statement later than six (6) months after the date of lodgment of this Offer Information Statement.

**Investing in the Class A Cumulative Preference Shares involves risks that are described on pages 44 to 53 of this Offer Information Statement.**



## HYFLUX LTD

(Incorporated in the Republic of Singapore on 31 March 2000)  
(Company Registration Number: 200002722Z)

**OFFER OF UP TO S\$200,000,000 IN AGGREGATE LIQUIDATION PREFERENCE OF 6% CUMULATIVE NON-CONVERTIBLE NON-VOTING PERPETUAL CLASS A PREFERENCE SHARES, CALLABLE AT THE OPTION OF HYFLUX LTD (“HYFLUX”) IN 2018 WITH STEP-UP TO A DIVIDEND RATE OF 8% PER ANNUM ON AND FROM THE FIRST CALL DATE (AS DEFINED HEREIN), TO BE ISSUED BY HYFLUX AT THE ISSUE PRICE OF S\$100 PER CLASS A CUMULATIVE PREFERENCE SHARE TO THE PUBLIC IN SINGAPORE THROUGH ELECTRONIC APPLICATIONS (AS DEFINED HEREIN), SUBJECT TO THE UPSIZE OPTION (AS DEFINED HEREIN)**

Hyflux may, with the agreement of the Sole Lead Manager and Bookrunner (as defined herein), re-allocate the Class A Cumulative Preference Shares offered under the Public Offer to the Reserve Offer (as defined herein), if any, and the Placement (as defined herein), if any. The aggregate liquidation preference of the Class A Cumulative Preference Shares offered under the Public Offer may not reflect the actual aggregate liquidation preference of the Class A Cumulative Preference Shares that will be allocated under the Public Offer.

Hyflux may, in consultation with the Sole Lead Manager and Bookrunner, increase, at any time on or prior to the Closing Date (as defined herein), the Offer to up to S\$400,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares (the “Upsize Option”) if applications and/or, if applicable, indications of interest are received for more than S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares and/or to satisfy demand under the Reserve Offer, if any, and/or the Placement, if any.

Hyflux may:

- (A) in consultation with the Sole Lead Manager and Bookrunner, offer up to S\$20,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares at the issue price of S\$100 per Class A Cumulative Preference Share to the directors, management and employees of Hyflux and its subsidiaries (the “Reserve Offer”); and/or
- (B) with the agreement of the Sole Lead Manager and Bookrunner, offer up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares at the issue price of S\$100 per Class A Cumulative Preference Share to institutional and other investors (the “Placement”),

save that the maximum aggregate liquidation preference of the Class A Cumulative Preference Shares offered under the Reserve Offer and/or the Placement may not exceed S\$200,000,000.

The actual aggregate number of Class A Cumulative Preference Shares to be allocated between the Public Offer, the Reserve Offer, if any, and the Placement, if any, will be finalised on or prior to the Issue Date (as defined herein).

**Applications under the Public Offer may only be submitted during the time period described below (or such other time period as Hyflux, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, may decide).**

	Opening Date and Time	Closing Date and Time
Public Offer via Electronic Applications	14 April 2011 at 9.00 a.m.	20 April 2011 at 12.00 noon

Sole Lead Manager and Bookrunner for the Offer



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## NOTICE TO INVESTORS

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Capitalised terms used herein and are not otherwise defined herein shall have the same meanings as ascribed to them under the section entitled “Definitions” of this Offer Information Statement.

Persons wishing to subscribe for the Class A Cumulative Preference Shares offered by this Offer Information Statement should, before deciding whether to so subscribe, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position, performance and prospects of the Issuer and the Group and the rights and liabilities attaching to the Class A Cumulative Preference Shares. They should also make, and shall be deemed to have made, their own independent enquiries and investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their business, legal, financial, tax or other professional advisers before deciding whether to subscribe for the Class A Cumulative Preference Shares.

No person is or has been authorised by the Issuer or the Sole Lead Manager and Bookrunner to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Offer and the issue of the Class A Cumulative Preference Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Sole Lead Manager and Bookrunner. Nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any member of the Group. Neither the delivery of this Offer Information Statement nor the issue of the Class A Cumulative Preference Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no change in the affairs of the Issuer or any member of the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof but prior to the issue of the Class A Cumulative Preference Shares and are material, or are required to be disclosed by law and/or the SGX-ST, the Issuer may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority.

Investors should take note of any such announcement, or supplementary or replacement document and, upon the release of such announcement or lodgment of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes. Investors should note that applications for the Class A Cumulative Preference Shares received by the Issuer prior to the release of such announcement will remain valid and irrevocable notwithstanding the release of such announcement. If a supplementary or replacement document is lodged, such supplementary or replacement document will set out the additional terms and conditions relating to applications for the Class A Cumulative Preference Shares and applications received by the Issuer prior to the lodgment of such supplementary or replacement document will be subject to such terms and conditions.

Each of the Issuer and the Sole Lead Manager and Bookrunner is not making any representation to any person regarding the legality of an investment in the Class A Cumulative Preference Shares by such person under any investment or any other laws or regulations. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice. Each prospective investor should consult his own professional or other advisers for business, financial, legal or tax advice regarding an investment in the Class A Cumulative Preference Shares.

Nothing in this Offer Information Statement shall be construed as a recommendation to subscribe for the Class A Cumulative Preference Shares. Prospective investors of the Class A Cumulative Preference Shares should rely on their own investigation of the financial condition and affairs, appraisal and determination of the merits of investing in the Issuer and the Group and shall be deemed to have done so.

This Offer Information Statement and the accompanying documents have been prepared solely for the purpose of the subscription of the Class A Cumulative Preference Shares under the Offer, and may not be relied upon for any other purposes.

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## NOTICE TO INVESTORS

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This Offer Information Statement may not be used for the purpose of, and does not constitute, an offer, invitation to, or solicitation by or on behalf of, anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

**The distribution of this Offer Information Statement may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or otherwise, being complied with) in certain jurisdictions. Prospective investors or any other persons having possession of this Offer Information Statement are required by the Issuer and the Sole Lead Manager and Bookrunner to keep themselves informed of and observe such prohibitions and restrictions. Please refer to the section entitled “Subscription and Sale” of this Offer Information Statement for further information.**

Selected financial data from the audited consolidated income statements of the Group for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 has been extracted and set out in Appendix C to this Offer Information Statement. Selected financial data from the audited consolidated balance sheet and cash flow statement of the Group as at and for the financial year ended 31 December 2010 has been set out in Appendices D and E respectively to this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the respective audited financial statements, which are available on the website of the Issuer at <http://www.hyflux.com>.

The information contained on the website of the Issuer or any website directly or indirectly linked to the website of the Issuer is not incorporated by reference and does not constitute part of this Offer Information Statement.

**Prospective investors are advised to obtain and read the audited financial statements (including the relevant notes) referred to above before making any investment decision in relation to the Class A Cumulative Preference Shares.**

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Information Statement, statements made in press releases and oral statements that may be made by the Issuer or its officers, Directors (as defined herein) or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words such as, without limitation, “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Issuer’s and/or the Group’s expected financial position, operating results, business strategies, plans and prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Issuer’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Issuer’s and/or the Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Issuer’s and/or the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Issuer’s and/or the Group’s actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. None of the Issuer, the Sole Lead Manager and Bookrunner or any other person represents or warrants that the Issuer’s and/or the Group’s actual future results, performance or achievements will be as discussed in those statements.

Further, each of the Issuer and the Sole Lead Manager and Bookrunner disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such developments, events or circumstances occur after the date hereof but prior to the issue of the Class A Cumulative Preference Shares, and are material, or are required to be disclosed by law and/or the SGX-ST, the Issuer may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority.

Important factors concerning an investment in the Class A Cumulative Preference Shares or that could cause actual results to differ from the expectations of the Issuer are discussed in the section entitled “Risk Factors” of this Offer Information Statement.

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## DEFINITIONS

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For the purpose of this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

<b>“Articles”</b>	:	Articles of Association of the Issuer.
<b>“ATM”</b>	:	Automated teller machine.
<b>“ATM Electronic Applications”</b>	:	Applications for the Class A Cumulative Preference Shares made by way of ATMs belonging to each of the Participating Banks (being DBS Bank (including POSB), OCBC Bank and the UOB Group) in accordance with the terms and conditions of this Offer Information Statement.
<b>“Authority” or “MAS”</b>	:	Monetary Authority of Singapore.
<b>“Board”</b>	:	Board of Directors (or an authorised committee thereof).
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Class A Cumulative Preference Shareholders”</b>	:	The registered holders of Class A Cumulative Preference Shares in the Register at the relevant time, except that for so long as the Class A Cumulative Preference Shares are listed on the SGX-ST, the term <b>“Class A Cumulative Preference Shareholders”</b> shall: <ul style="list-style-type: none"><li>(i) exclude CDP (unless where otherwise expressly provided in the Articles or where the term “registered holder” is used in the Articles); and</li><li>(ii) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register with respect to the Class A Cumulative Preference Shares.</li></ul>
<b>“Class A Cumulative Preference Shares”</b>	:	The cumulative non-convertible non-voting perpetual Class A preference shares in the capital of the Issuer.
<b>“Class B Non-Cumulative Preference Shares”</b>	:	The non-cumulative non-convertible non-voting perpetual Class B preference shares in the capital of the Issuer.
<b>“Closing Date”</b>	:	12.00 noon on 20 April 2011 (or such other time(s) and/or date(s) as may be announced from time to time by the Issuer subsequent to the date of this Offer Information Statement), being the last time and date for application for the Class A Cumulative Preference Shares under the Public Offer, the Reserve Offer, if any, and the Placement, if any.
<b>“Companies Act”</b>	:	Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time.
<b>“Company”, “Hyflux” or the “Issuer”</b>	:	Hyflux Ltd.
<b>“CPF”</b>	:	Central Provident Fund.
<b>“CPF Funds”</b>	:	The Investible Savings of CPF members.

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## DEFINITIONS

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<b>“DBS Bank” or “Sole Lead Manager and Bookrunner”</b>	:	DBS Bank Ltd.
<b>“Debt Issuance Programme”</b>	:	The Issuer’s S\$300,000,000 multi-currency debt issuance programme established on 3 July 2008.
<b>“Directors”</b>	:	The directors of the Issuer for the time being.
<b>“Electronic Applications”</b>	:	ATM Electronic Applications and Internet Electronic Applications.
<b>“First Call Date”</b>	:	Any date on or after the date falling 7 years after the Issue Date.
<b>“FY”</b>	:	Financial year ended or, as the case may be, ending 31 December.
<b>“Group”</b>	:	The Issuer, its subsidiaries, associated companies and joint ventures.
<b>“Hyflux Employees Share Option Scheme”</b>	:	The employees share option scheme of the Issuer, approved and adopted by shareholders at an extraordinary general meeting of the Issuer held on 27 September 2001.
<b>“IB”</b>	:	Internet banking.
<b>“Internet Electronic Applications”</b>	:	Applications for the Class A Cumulative Preference Shares made by way of the IB websites of the relevant Participating Banks (being DBS Bank and the UOB Group) in accordance with the terms and conditions of this Offer Information Statement.
<b>“Investible Savings”</b>	:	The balance in a CPF Ordinary Account plus the net amounts (if any) withdrawn for education and investment.
<b>“Issue Date”</b>	:	The date of issue of the Class A Cumulative Preference Shares, expected to be 25 April 2011.
<b>“Issue Price”</b>	:	The issue price of each Class A Cumulative Preference Share under the Offer, being S\$100.
<b>“Latest Practicable Date”</b>	:	6 April 2011, being the latest practicable date prior to the lodgment of this Offer Information Statement.
<b>“Listing Manual”</b>	:	Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
<b>“market day”</b>	:	A day on which the SGX-ST is open for trading in securities.
<b>“OCBC Bank”</b>	:	Oversea-Chinese Banking Corporation Limited.
<b>“Offer”</b>	:	The offer of up to S\$200,000,000 in aggregate liquidation preference of Class A Cumulative Preference Shares by the Issuer at the Issue Price (subject to the Upsize Option), pursuant to the Public Offer, the Reserve Offer, if any, and the Placement, if any.

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## DEFINITIONS

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<b>“Offer Information Statement”</b>	:	This document and all other accompanying documents, including any supplementary or replacement document which may be issued by the Issuer in connection with the Offer.
<b>“Participating Banks”</b>	:	DBS Bank (including POSB), OCBC Bank and the UOB Group.
<b>“Placement”</b>	:	The offer of the Class A Cumulative Preference Shares to institutional and other investors, outside the United States in reliance on Regulation S.
<b>“Placement Preference Shares”</b>	:	Class A Cumulative Preference Shares offered under the Placement.
<b>“Public Offer”</b>	:	The offer of the Class A Cumulative Preference Shares to the public in Singapore through Electronic Applications.
<b>“Public Offer Preference Shares”</b>	:	Class A Cumulative Preference Shares offered under the Public Offer.
<b>“Register”</b>	:	With respect to the Class A Cumulative Preference Shares, the register of members maintained on behalf of the Issuer under the Companies Act in Singapore.
<b>“Regulation S”</b>	:	Regulation S under the Securities Act.
<b>“Reserve Offer”</b>	:	The offer of the Class A Cumulative Preference Shares to the directors, management and employees of the Issuer and its subsidiaries.
<b>“Reserved Preference Shares”</b>	:	Class A Cumulative Preference Shares offered under the Reserve Offer.
<b>“RMB”</b>	:	Renminbi.
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
<b>“Securities Act”</b>	:	The U.S. Securities Act 1933, and the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder, as amended, modified or supplemented from time to time.
<b>“SFA”</b>	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time.
<b>“SFR”</b>	:	Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005, as amended, modified or supplemented from time to time.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited.
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd., or such other share registrar of the Issuer from time to time.



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## DEFINITIONS

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“Shares”	:	Ordinary shares in the capital of the Issuer.
“Substantial Shareholder”	:	A person who has an interest in not less than 5% of the total issued and voting shares in the capital of the Issuer.
“S\$” or “Singapore dollars” and “cents”	:	Singapore dollars and cents, respectively.
“UOB Group”	:	United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited.
“Upsize Option”	:	The option of the Issuer, in consultation with the Sole Lead Manager and Bookrunner, to increase at any time on or prior to the Closing Date, the Offer to up to S\$400,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares.
“US\$”	:	United States dollars
“Warrant Subscription Agreement”	:	The warrant subscription agreement dated 23 November 2004, as supplemented by a supplemental warrant subscription agreement dated 25 April 2008, both of which were entered between the Issuer and Istithmar World PJSC.
“%”	:	Percentage or per centum.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them in Section 130A of the Companies Act.

The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR or the Listing Manual, or any modification thereof and used in this Offer Information Statement shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA, the SFR or the Listing Manual, or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Offer Information Statement shall be a reference to Singapore time and dates unless otherwise stated.

Any discrepancies in figures included in this Offer Information Statement between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

Unless indicated otherwise, all information in this Offer Information Statement assumes that the Upsize Option is not exercised at all.

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## SUMMARY OF THE OFFER

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The following is a summary of the principal terms and conditions of the Offer and the Class A Cumulative Preference Shares and is derived from, and should be read in conjunction with, the full text of this Offer Information Statement, and is qualified in its entirety by reference to information appearing elsewhere in this Offer Information Statement. Unless otherwise defined, capitalised terms used in this section of the Offer Information Statement shall be read and construed in the context of this section only.

<b>Issuer</b>	Hyflux Ltd.
<b>Sole Lead Manager and Bookrunner</b>	DBS Bank Ltd.
<b>Offer</b>	Up to S\$200,000,000 in aggregate liquidation preference of 6% Class A Cumulative Preference Shares, callable at the option of the Issuer in 2018 with step-up to a dividend rate of 8% per annum on and from the First Call Date (as defined below under “ <i>Redemption</i> ”), subject to the Upsize Option, to be issued by the Issuer at the issue price of S\$100 per Class A Cumulative Preference Share, pursuant to the Public Offer, the Reserve Offer, if any, and the Placement, if any. The terms and conditions of the Class A Cumulative Preference Shares are set out in Article 8(C) of the Articles, an extract of which is reproduced in Appendix B to this Offer Information Statement.
<b>Upsize Option</b>	The Issuer may, in consultation with the Sole Lead Manager and Bookrunner, increase, at any time on or prior to the Closing Date, the Offer to up to S\$400,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares if applications and/or, if applicable, indications of interest are received for more than S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares and/or to satisfy demand under the Reserve Offer, if any, and/or the Placement, if any.
<b>Public Offer</b>	The Public Offer Preference Shares, comprising up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares offered at the Issue Price to the public in Singapore through Electronic Applications.
<b>Reserve Offer</b>	The Issuer may, at its discretion and in consultation with the Sole Lead Manager and Bookrunner, offer the Reserved Preference Shares, comprising up to S\$20,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares at the Issue Price to the directors, management and employees of the Issuer and its subsidiaries, save that the maximum aggregate liquidation preference of the Reserved Preference Shares and/or the Placement Preference Shares may not exceed S\$200,000,000. The Reserve Offer, if any, may be made through re-allocation from the Public Offer and/or through the exercise of the Upsize Option.
<b>Placement</b>	The Issuer may, at its discretion and with the agreement of the Sole Lead Manager and Bookrunner, offer the Placement Preference Shares, comprising up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares at the Issue Price to institutional and other investors, outside the United States in reliance on Regulation S, save that the maximum aggregate liquidation preference of the Reserved Preference Shares and/or the Placement Preference Shares may not exceed S\$200,000,000. The Placement, if any, may be made through re-allocation from the Public Offer and/or through the exercise of the Upsize Option.

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## SUMMARY OF THE OFFER

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### Re-allocation

The Issuer may, with the agreement of the Sole Lead Manager and Bookrunner, re-allocate the Class A Cumulative Preference Shares offered under the Public Offer to the Reserve Offer, if any, and the Placement, if any. The aggregate liquidation preference of the Class A Cumulative Preference Shares offered under the Public Offer may not reflect the actual aggregate liquidation preference of the Class A Cumulative Preference Shares that will be allocated under the Public Offer.

### Application and Payment Procedures

Applications for the Public Offer Preference Shares must be made by way of Electronic Applications. An application for the Public Offer Preference Shares is subject to a minimum of S\$10,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares (or lots of 100 Class A Cumulative Preference Shares) per application and in subsequent integral multiples of S\$1,000.

Applications for the Public Offer Preference Shares may be made from 9.00 a.m. on 14 April 2011 to 12.00 noon on 20 April 2011 (or such other time(s) and date(s) as the Issuer may, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, decide). Please refer to the section entitled "Expected Timetable of Key Events" of this Offer Information Statement. Prospective investors applying for the Public Offer Preference Shares must do so by way of Electronic Applications and follow the application procedures set out in "Terms, Conditions and Procedures for Application and Acceptance – Additional Terms and Conditions for Electronic Applications" in Appendix F to this Offer Information Statement.

CPF members are allowed to use up to 35% of their CPF Funds to apply for the Public Offer Preference Shares.

Submission of applications for the Public Offer Preference Shares via the ATMs of the Participating Banks must be accompanied by the full amount payable in respect of the number of Public Offer Preference Shares applied for in Singapore dollars:

- (a) using only cash by authorising the Participating Bank to deduct the full amount payable from an applicant's bank account(s) with the Participating Bank;
- (b) using only CPF Funds by authorising the Participating Bank to deduct the full amount payable from an applicant's CPF Investment Account with the Participating Bank; or
- (c) using a combination of cash and CPF Funds, provided that an applicant applying for only 100 Public Offer Preference Shares can use either cash only or CPF Funds only, but not a combination of both. Thereafter, the amount of cash or CPF Funds used must be for 10 Public Offer Preference Shares or higher integral multiples thereof.

Applications for the Reserved Preference Shares, if any, must be made directly through the Issuer, who will determine, at its sole discretion, the manner and method for applications under the Reserve Offer. An application for the Reserved Preference Shares is subject to a minimum of S\$10,000 in aggregate liquidation preference of the Class A

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## SUMMARY OF THE OFFER

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Cumulative Preference Shares (or lots of 100 Class A Cumulative Preference Shares) per application and in subsequent integral multiples of S\$1,000.

Applications for the Placement Preference Shares, if any, must be made directly through the Sole Lead Manager and Bookrunner, who will determine, at its discretion, the manner and method for applications under the Placement. An application for the Placement Preference Shares is subject to a minimum of S\$100,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares (or lots of 1,000 Class A Cumulative Preference Shares) per application and in subsequent integral multiples of S\$1,000.

Applications for the Reserved Preference Shares, if any, and/or the Placement Preference Shares, if any, may be made from such date and time as may be determined by the Issuer, with the agreement of the Sole Lead Manager and Bookrunner. Prospective investors applying for the Reserved Preference Shares, if any, or the Placement Preference Shares, if any, must get in touch directly with the Issuer or the Sole Lead Manager and Bookrunner respectively.

More details can be found in “Terms, Conditions and Procedures for Application and Acceptance” in Appendix F to this Offer Information Statement.

The Issuer and the Sole Lead Manager and Bookrunner reserve the right to reject or accept any application for the Class A Cumulative Preference Shares in whole or in part, or to scale down or ballot any application for the Class A Cumulative Preference Shares, without assigning any reason therefor, and no enquiry and/or correspondence on their decision will be entertained. This right applies to all applications for the Class A Cumulative Preference Shares.

<b>Issue Price</b>	S\$100 for each Class A Cumulative Preference Share.
<b>Liquidation Preference</b>	S\$100 for each Class A Cumulative Preference Share.
<b>Issue Date</b>	25 April 2011 <sup>1</sup> .
<b>Use of Proceeds</b>	The net proceeds from the issue of the Class A Cumulative Preference Shares will be used to fund the Group’s water and infrastructure projects and for general working capital.
<b>Cumulative Dividend</b>	Dividends on the Class A Cumulative Preference Shares are cumulative (“ <b>Dividends</b> ”). See further “ <i>Dividend Payment Limitations and Qualifications</i> ”.
<b>Dividend Payment and Record Dates</b>	Subject to the limitations and qualifications described in the Articles and summarised below under “ <i>Dividend Payment Limitations and Qualifications</i> ”, Dividends will be payable semi-annually when, as and if declared by the Board, in arrears on 25 April and 25 October of each year (each, a “ <b>Dividend Date</b> ”).

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<sup>1</sup> Based on “Expected Timetable of Key Events”.

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## SUMMARY OF THE OFFER

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Payments of Dividends shall, if due and payable, be made to the Class A Cumulative Preference Shareholders registered in the Register at any date selected by the Board not less than six market days prior to the relevant Dividend Date.

### **Dividend Rate**

Dividends will accrue on the Class A Cumulative Preference Shares at the rate of 6% per annum of their Liquidation Preference. Dividends will be calculated based on the number of days in the relevant Dividend Period (as defined below) divided by 365.

“**Dividend Period**” means the period from (and including) the Issue Date to (but excluding) the first Dividend Date and each successive period thereafter from (and including) a Dividend Date to (but excluding) the next succeeding Dividend Date.

### **Step-up Dividend Rate**

If the Class A Cumulative Preference Shares are not redeemed by the Issuer on the First Call Date, Dividends will accrue on the Class A Cumulative Preference Shares at the rate of 8% per annum of their Liquidation Preference on and from the First Call Date.

### **Dividend Payment Limitations and Qualifications**

Dividend payments on any Dividend Date are subject to reduction or non-payment in full if the Issuer has insufficient Distributable Reserves (as defined below).

If the Issuer does not propose or intend to pay and will not pay its next normal dividend (whether interim or final) on its Shares, the Issuer may give, on or before the relevant Distributable Reserves Determination Date (as defined below), a notice (“**Dividend Limitation Notice**”) to the Share Registrar and the Class A Cumulative Preference Shareholders that the Issuer will pay no Dividends or less than full Dividends on such Dividend Date, in which case no Dividends or less than full Dividends as set out in the Dividend Limitation Notice shall become due and payable on such Dividend Date.

If, by reason of any of the foregoing limitations or any equivalent article or term of a Parity Obligation (as defined below), on the relevant Dividend Date, a Dividend is not paid in full (when, as and if declared by the Board) or dividends or other distributions are not paid in full on any Parity Obligations, but on such Dividend Date there are Distributable Reserves, then each Class A Cumulative Preference Shareholder shall be entitled to receive from the Issuer the Relevant Proportion (as defined below) of any such Dividend.

To the extent that the Dividend or any part thereof is not paid on a Dividend Date, it shall continue to accumulate (whether or not there are any Distributable Reserves) and payment shall be subject to the Board’s discretion as set out in the Articles. Notwithstanding the foregoing, upon the Issuer’s redemption of any Class A Cumulative Preference Shares pursuant to the Articles, any Dividend or any part thereof that is not paid, in respect of any period prior to the Optional Redemption Date (as defined below) or the Early Redemption Date (as defined below) (as the case may be) (“**Cumulative Unpaid Dividends**”) shall be deemed to have been declared and payable on such Optional Redemption Date or the Early Redemption Date (as the case may be).

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## SUMMARY OF THE OFFER

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“**Distributable Reserves**” means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 403 of the Companies Act (“**Available Amounts**”) as at the date of the Issuer’s latest audited balance sheet; *provided that* if the Board reasonably believes that the Available Amounts as at any Distributable Reserves Determination Date:

- (a) are lower than the Available Amounts as at the date of the Issuer’s latest audited balance sheet; and
- (b) are insufficient to pay the Dividend and for payments on Parity Obligations on the relevant Dividend Date,

then two Directors shall be required to provide a certificate, on or prior to such Distributable Reserves Determination Date, to the Class A Cumulative Preference Shareholders (accompanied by a certificate of the Issuer’s auditors for the time being) of the Available Amounts as at such Distributable Reserves Determination Date (which certificate shall be binding absent manifest error) and “**Distributable Reserves**” as at such Distributable Reserves Determination Date for the purposes of such Dividend shall mean the Available Amounts as set forth in such certificate.

“**Distributable Reserves Determination Date**” means, with respect to any Dividend Date, the day falling five market days prior to that Dividend Date.

“**Early Redemption Date**” means such date as may be notified to the Class A Cumulative Preference Shareholders pursuant to the Articles as being the date for early redemption of the Class A Cumulative Preference Shares.

“**Optional Redemption Date**” means any date on or after the First Call Date.

“**Parity Obligations**” means any preference shares or other similar obligations of the Issuer which are not expressly stated to rank in all material respects senior or junior to:

- (a) the Class A Cumulative Preference Shares; or
- (b) any other guarantee given or support agreement entered into by the Issuer in respect of any preference shares, or other preferred securities (not constituting debt obligations) having in all material respects the same ranking as preference shares, issued by any subsidiary of the Issuer and are not expressly stated to rank in all material respects senior or junior to the Class A Cumulative Preference Shares.

“**Relevant Proportion**” means in relation to any partial payment of a Dividend, the amount of Distributable Reserves as at the relevant Distributable Reserves Determination Date divided by the sum of:

- (a) the full amount originally scheduled to be paid by way of Dividend (whether or not paid in whole or part) during the Issuer’s then-current fiscal year; and

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## SUMMARY OF THE OFFER

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- (b) the sum of the full amount of any dividends or other distribution or payments in respect of Parity Obligations originally scheduled to be paid (whether or not paid in whole or part) during the Issuer's then-current fiscal year.

### Dividend Stopper

In the event any Dividend is not paid in full (whether or not declared by the Board) for any reason on any Dividend Date, the Issuer shall not:

- (a) declare or pay any dividends or other distributions in respect of, or (if permitted) repurchase or redeem, its Shares or any other security or obligation of the Issuer ranking junior to the Class A Cumulative Preference Shares (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of, or for the redemption of, any such Shares, securities or obligations); or
- (b) (if permitted) repurchase or redeem any Parity Obligation which are securities (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of, or for the redemption of, any such Parity Obligation),

in each case until the Issuer has paid all accumulated but unpaid Dividends in full from the Issue Date (or an amount equivalent to the accumulated but unpaid Dividends to be paid from the Issue Date (the "**Full Dividends**") has been irrevocably set aside in a separately designated trust account for payment to the Class A Cumulative Preference Shareholders (except that such amount to be set aside shall be reduced by the Full Dividends which have been paid, if any)).

### Redemption

The Class A Cumulative Preference Shares are perpetual securities with no maturity date, and are not redeemable at the option of the Class A Cumulative Preference Shareholders.

Subject to the limitations and qualifications described in the Articles and summarised below under "*Redemption Limitations and Qualifications*", the Class A Cumulative Preference Shares may be redeemed for cash as described below, in whole or in part (on a *pro rata* basis):

- (a) at the option of the Issuer, on any date on or after the date falling 7 years after the Issue Date (the "**First Call Date**") (based on the expected Issue Date of 25 April 2011, 25 April 2018) at the Redemption Price (as defined below);
- (b) at the option of the Issuer, on any day while a Tax Event (as defined below) has occurred and is continuing, at the Redemption Price, provided that if there is available to the Issuer the opportunity to eliminate the Tax Event by pursuing some reasonable measure that:
  - (i) will not have an adverse effect on the Issuer or the Class A Cumulative Preference Shareholders; and
  - (ii) will not involve any material cost to the Issuer or the Class A Cumulative Preference Shareholders,

the Issuer will pursue that measure in lieu of redemption; or

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## SUMMARY OF THE OFFER

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- (c) at the option of the Issuer, on any day while an Accounting Event (as defined below) has occurred and is continuing, at the Redemption Price, provided that if there is available to the Issuer the opportunity to eliminate the Accounting Event by pursuing some reasonable measure that:
  - (i) will not have an adverse effect on the Issuer or the Class A Cumulative Preference Shareholders; and
  - (ii) will not involve any material cost to the Issuer or the Class A Cumulative Preference Shareholders,

the Issuer will pursue that measure in lieu of redemption.

Any such redemption shall not prejudice the rights of the Class A Cumulative Preference Shareholders whose Class A Cumulative Preference Shares were so redeemed to receive any accrued but unpaid Dividends payable on the relevant Redemption Date (as defined below).

If the Class A Cumulative Preference Shares are not redeemed by the Issuer on the First Call Date, Dividends will accrue on the Class A Cumulative Preference Shares at the rate of 8% per annum of their Liquidation Preference on and from the First Call Date.

**“Redemption Date”** means an Early Redemption Date or an Optional Redemption Date.

**“Redemption Price”** means, with respect to any Class A Cumulative Preference Share to be redeemed pursuant to the Articles, an amount equal to:

- (a) the Liquidation Preference of that Class A Cumulative Preference Share; and
- (b) subject to the limitations and qualifications described in the Articles and summarised above under *“Dividend Payment Limitations and Qualifications”* and unless a Dividend Limitation Notice is in effect, an amount equal to any accrued but unpaid Dividends (whether or not declared) in respect of that Class A Cumulative Preference Share for the period commencing from (and including) the Issue Date and ending on (but excluding) the relevant Redemption Date.

### **Redemption: Tax Event**

**“Tax Event”** means that as a result of:

- (a) any change in, or amendment to, any law or regulation of Singapore or any political subdivision or any authority thereof or therein having power to tax; or
- (b) any change in the general application or official interpretation of any law or regulation by any relevant body in Singapore,

in each case after the Issue Date, payments to the Class A Cumulative Preference Shareholders with respect to the Class A Cumulative Preference Shares would be subject to deduction or withholding for or on account of tax or would give rise to any obligation of the Issuer to account for any tax in Singapore, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.



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## SUMMARY OF THE OFFER

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### Redemption: Accounting Event

“**Accounting Event**” means that as a result of:

- (a) any change in, or amendment to, the accounting standards applicable to the Issuer; or
- (b) any change in the general application or official interpretation of any law or regulation by any relevant body in Singapore,

in each case which becomes, or would become, effective on or after the Issue Date, the Class A Cumulative Preference Shares would not be classified as equity instruments in the financial statements of the Issuer.

### Redemption Limitations and Qualifications

The Issuer may only exercise its right to redeem the Class A Cumulative Preference Shares for cash if the requirements as to the laws of Singapore, if any, for the redemption of the Class A Cumulative Preference Shares, and applicable law, have been satisfied.

### Taxation and Additional Amounts

If at any time the Issuer is required to deduct or withhold for any present or future taxes, duties, assessments or governmental charges imposed by Singapore or any authority thereof or therein having power to tax, the Issuer will, subject to certain exceptions described in the Articles and all other applicable terms of the Class A Cumulative Preference Shares, pay such additional amounts (“**Additional Amounts**”) needed so that the net amounts received by the Class A Cumulative Preference Shareholders, after such deduction or withholding, will equal the amounts that would have been received had no such deduction or withholding been required.

Reference to the payment of Dividends or interest or any other amounts on, or in respect of, the Class A Cumulative Preference Shares includes the payment of Additional Amounts to the extent that, in the context, Additional Amounts are, were or would be payable.

### Rights upon Liquidation

In the event of the commencement of any dissolution or winding-up of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)) before any redemption of the Class A Cumulative Preference Shares, the Class A Cumulative Preference Shares shall rank:

- (a) junior to all other creditors (including the holders of subordinated debt) of the Issuer;
- (b) *pari passu* with all Parity Obligations of the Issuer (including without limitation the Class B Non-Cumulative Preference Shares, if any); and
- (c) senior to the holders of the Shares and any other securities or obligations of the Issuer that are subordinated to the Class A Cumulative Preference Shares.

On such a dissolution or winding-up, each Class A Cumulative Preference Share shall be entitled to receive an amount equal to the Liquidation Distribution (as defined below).

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## SUMMARY OF THE OFFER

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If, upon any such dissolution or winding-up, the amounts available for payment are insufficient to cover the Liquidation Distribution and any liquidation distributions of any Parity Obligation, but there are funds available for payment so as to allow payment of part of the Liquidation Distribution, then each Class A Cumulative Preference Shareholder will be entitled to receive the Relevant Proportion (as defined below) of the Liquidation Distribution.

After payment of the Liquidation Distribution (or the Relevant Proportion thereof), the Class A Cumulative Preference Shareholders will have no further right or claim to any of the remaining assets of the Issuer.

**“Liquidation Distribution”** means with respect to any Class A Cumulative Preference Share, upon a dissolution or winding-up of the Issuer (other than pursuant to a Permitted Reorganisation):

- (a) the Liquidation Preference of that Class A Cumulative Preference Share; and
- (b) subject to the restrictions in the Articles and unless a Dividend Limitation Notice is in effect, an amount equal to any accrued but unpaid Dividend (whether or not declared) in respect of that Class A Cumulative Preference Share for the period commencing from (and including) the Issue Date and ending on (but excluding) the date of actual payment.

**“Permitted Reorganisation”** means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Class A Cumulative Preference Shares.

**“Relevant Proportion”** means, in relation to any partial payment of any Liquidation Distribution, the total amount available for any such payment and for making any liquidation distribution on any Parity Obligation divided by the sum of:

- (a) the full Liquidation Distribution before any reduction or abatement; and
- (b) the amount (before any reduction or abatement) of the full liquidation distribution on any Parity Obligation.

### Voting Rights

Class A Cumulative Preference Shareholders have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Issuer (**“General Meetings”**). If General Meetings are convened:

- (a) for the purpose of reducing the capital of the Issuer;
- (b) for the purpose of winding up of the Issuer;
- (c) for the purpose of sanctioning a sale of the whole or substantially the whole of the undertaking of the Issuer;
- (d) where the proposal to be submitted to such meetings directly affects their rights and privileges as Class A Cumulative Preference Shareholders; or

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## SUMMARY OF THE OFFER

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- (e) where Dividends (when, as and if declared by the Board) in respect of such number of consecutive Dividend Periods as shall be equal to or exceed 12 months have not been paid in full when due and payable,

then Class A Cumulative Preference Shareholders shall have the right to receive notice of, attend, speak and vote at such General Meetings, and in relation to paragraph (e), such right shall continue until after the next following Dividend Date on which a Dividend is paid in full (or an amount equivalent to the Dividend to be paid in respect of the next Dividend Period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class A Cumulative Preference Shareholders).

Every Class A Cumulative Preference Shareholder who is present in person at such General Meetings shall have on a show of hands one vote and on a poll one vote for every Class A Cumulative Preference Share of which he is the Class A Cumulative Preference Shareholder.

The consent in writing of the Class A Cumulative Preference Shareholders of at least 75% of the outstanding Class A Cumulative Preference Shares or the sanction of a special resolution passed at a separate class meeting of the Class A Cumulative Preference Shareholders (the quorum at such class meeting to be such number of the Class A Cumulative Preference Shareholders holding or representing not less than two-thirds of the outstanding Class A Cumulative Preference Shares) shall be required in order to give effect to any variation or abrogation of the rights, preferences and privileges of the Class A Cumulative Preference Shares by way of amendment to the Articles or otherwise (including, without limitation, the authorisation or creation of any shares in the capital of the Issuer ranking, as to participation in the profits or assets of the Issuer, senior to the Class A Cumulative Preference Shares) unless otherwise required by applicable law.

No such consent or sanction shall be required:

- (a) if the change of the rights, preferences and privileges of the Class A Cumulative Preference Shares by way of amendment to Articles is solely of a formal, minor or technical nature, or is to correct an error or cure an ambiguity, provided that such change does not reduce the amounts payable to Class A Cumulative Preference Shareholders, impose any material obligation on Class A Cumulative Preference Shareholders or materially adversely affect their voting rights;
- (b) for the creation or issue of further shares ranking *pari passu* with or junior to the Class A Cumulative Preference Shares (the creation or issue of such other shares, regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable, shall not be deemed to be a variation or abrogation of the rights, preferences and privileges of the Class A Cumulative Preference Shares); or
- (c) for the redemption, purchase or cancellation of the Class A Cumulative Preference Shares in accordance with the Articles.

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## SUMMARY OF THE OFFER

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**Governing Law**

The laws of Singapore.

**Listing and Quotation of  
Class A Cumulative  
Preference Shares**

Approval in-principle has been received for the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST. The Class A Cumulative Preference Shares will be traded on the SGX-ST in board lots of 10 Class A Cumulative Preference Shares.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. Approval in-principle granted by the SGX-ST for the listing of and quotation for the Class A Cumulative Preference Shares is not to be taken as an indication of the merits of the Class A Cumulative Preference Shares, the Offer, the Issuer and/or its subsidiaries.

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## WHERE TO OBTAIN FURTHER INFORMATION

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If you have questions, please contact DBS Bank at the numbers set out below, which are available 24 hours a day, seven days a week from the date of this Offer Information Statement until the Closing Date.

DBS Bank

Tel: 1800 339 6666  
(POSB)

Tel: 1800 111 1111  
(DBS Bank)

Please note that the applicable rules and regulations in Singapore do not allow the persons manning the above numbers to give advice on the merits of the Offer, the Class A Cumulative Preference Shares, the Issuer or any member of the Group or to provide investment, business, financial, legal, tax or other professional advice. If you are in any doubt as to what action you should take, please consult your investment, business, financial, legal, tax or other professional adviser.

A printed copy of this Offer Information Statement may be obtained on request, subject to availability, during operating hours from selected branches of DBS Bank (including POSB) in Singapore. A copy of this Offer Information Statement is also available on the MAS' OPERA website at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>.

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## EXPECTED TIMETABLE OF KEY EVENTS

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Lodgment of Offer Information Statement	: 13 April 2011
<b>Opening date and time for the Public Offer</b>	: <b>14 April 2011 at 9.00 a.m.</b>
<b>Last date and time for applications for the Public Offer Preference Shares</b>	: <b>20 April 2011 at 12.00 noon</b>
Closing date and time for the Offer	: <b>20 April 2011 at 12.00 noon</b>
Balloting of applications under the Public Offer, if necessary, and commencement of return or refund of application moneys to unsuccessful or partially successful applicants under the Public Offer	: <b>21 April 2011</b>
Issue Date of the Class A Cumulative Preference Shares	: <b>25 April 2011</b>
Date of commencement of trading of the Class A Cumulative Preference Shares on the Main Board of the SGX-ST	: <b>26 April 2011</b>

The timetable for the events which are scheduled to take place after the lodgment of this Offer Information Statement is indicative only and is subject to change. The Issuer may, at its discretion, and with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, and subject to all applicable laws, extend, shorten or modify the above timetable including the period during which the Offer is open and the periods during which applications under the Offer may be made. In the event that there are any changes to the timetable for the Offer, the Issuer will publicly announce the same through a SGXNET announcement to be posted on the SGX-ST's website <http://www.sgx.com>.

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## TRADING

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Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. Approval in-principle granted by the SGX-ST for the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Class A Cumulative Preference Shares, the Offer, the Issuer and/or its subsidiaries.

Upon the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST, the Class A Cumulative Preference Shares will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Class A Cumulative Preference Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited" are available from CDP.

For the purposes of trading on the Main Board of the SGX-ST, each board lot of the Class A Cumulative Preference Shares will comprise 10 Class A Cumulative Preference Shares.

In addition, the Class A Cumulative Preference Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP or accounts with the relevant CPF approved bank (with whom a successful applicant using CPF Funds to subscribe for the Class A Cumulative Preference Shares maintains a CPF Investment Account).

Dealings in the Class A Cumulative Preference Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third market day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct Securities Account with CDP or a securities sub-account with any Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Prospective investors who wish to open a Securities Account with CDP directly must do so personally at CDP's office at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807. Further details can be obtained as follows:

- (i) CDP's hotline at +65 6535 7511, which is available on Mondays to Fridays from 8.30 a.m. to 5.00 p.m. and on Saturdays from 9.00 a.m. to 12.30 p.m. The hotline is not available on Sundays and public holidays; or
- (ii) CDP's website at <http://www.cdp.com.sg>.

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## SUBSCRIPTION AND SALE

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### GENERAL

This Offer Information Statement does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Class A Cumulative Preference Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been taken or will be taken under the requirements of the legislation or regulation of any jurisdiction to permit an offering of the Class A Cumulative Preference Shares to occur in any jurisdiction (other than Singapore), or the possession, circulation, or distribution of this Offer Information Statement or any other material relating to the Issuer or the Class A Cumulative Preference Shares in any jurisdiction where action for such purpose is required, except that this Offer Information Statement has been lodged with the Authority.

Accordingly, the Class A Cumulative Preference Shares may not be delivered, offered or sold, directly or indirectly, and none of this Offer Information Statement or any offering materials or advertisements in connection with the Class A Cumulative Preference Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Investors are advised to consult their legal advisers prior to applying for the Class A Cumulative Preference Shares or making any offer, sale, resale or other transfer of the Class A Cumulative Preference Shares.

Each person who purchases the Class A Cumulative Preference Shares shall do so in accordance with the securities regulations in each jurisdiction applicable to it.

**This Offer Information Statement is made available to investors solely for their information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.**

### UNITED STATES

The Class A Cumulative Preference Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Class A Cumulative Preference Shares are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Class A Cumulative Preference Shares, an offer or sale of the Class A Cumulative Preference Shares within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### HONG KONG

The Sole Lead Manager and Bookrunner has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Class A Cumulative Preference Shares other than (a) to “professional investors” as defined in the Securities and Futures Ordinance, Chapter 571 of Hong Kong (the “**Securities and Futures Ordinance**”) and any rules made thereunder; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance, Chapter 32 of Hong Kong (the “**Companies Ordinance**”), or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and



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## SUBSCRIPTION AND SALE

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- (ii) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Class A Cumulative Preference Shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Class A Cumulative Preference Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

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## SINGAPORE TAXATION

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The statements made herein regarding taxation are general in nature and based on certain aspects of the current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date of this Offer Information Statement and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the Singapore tax authorities or Courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any Class A Cumulative Preference Shareholder or of any person acquiring, selling or otherwise dealing with the Class A Cumulative Preference Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Class A Cumulative Preference Shares.

The statements made herein do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Class A Cumulative Preference Shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective investors are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposition of the Class A Cumulative Preference Shares.

### A. Income Tax

#### The Class A Cumulative Preference Shares

##### Dividend distributions

With effect from 1 January 2008, all Singapore-resident companies are under the one-tier corporate tax system (“**one-tier system**”).

Under this new corporate tax system, Singapore does not impose withholding or other income tax on dividends paid by a Singapore-resident company to a Singapore tax resident or non-Singapore tax resident shareholder.

Accordingly, under the one-tier system, dividends declared and paid by the Issuer should not be subject to Singapore tax in the hands of Class A Cumulative Preference Shareholders.

##### Gains on disposal of the Class A Cumulative Preference Shares

Singapore does not impose tax on gains which are of a capital in nature but imposes tax on income. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Class A Cumulative Preference Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the Inland Revenue Authority of Singapore (the “**IRAS**”) regards as the carrying on of a trade or business in Singapore.

In addition, Class A Cumulative Preference Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments – Recognition and Measurement (“**FRS 39**”) for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Class A Cumulative Preference Shares is made.

Class A Cumulative Preference Shareholders who may be subject to such provisions should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Class A Cumulative Preference Shares.

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## SINGAPORE TAXATION

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### **B. Goods and Service Tax**

A sale of the Class A Cumulative Preference Shares by an investor belonging in Singapore to another person belonging in Singapore is an exempt sale under the Goods and Services Tax Act (Chapter 117A) of Singapore (“**GSTA**”) and not subject to Goods and Services Tax (“**GST**”). Any GST (for example, GST on brokerage) incurred by the investor in respect of the Class A Cumulative Preference Shares sold by him may become an additional cost to the investor. Where the Class A Cumulative Preference Shares are supplied by an investor who is a taxable person (which generally refers to a person who is registered or liable to be registered under the GSTA) in the course of or in furtherance of a business carried on by him contractually to and for the direct benefit of a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero rate. Consequently, any GST (for example, GST on brokerage) incurred by him in respect of the Class A Cumulative Preference Shares sold by him should, subject to the provisions of the GSTA, be available as a credit against the GST chargeable by him on the supply of any goods or services made by him in the course of or furtherance of his business, and where there is any excess input tax, such excess input tax may be available as a refund from the IRAS.

Services such as brokerage and handling services rendered by a taxable person to an investor belonging in Singapore in connection with the investor’s purchase or sale of the Class A Cumulative Preference Shares will be subject to GST at the prevailing rate (currently 7.0% from 1 July 2007). Similar services rendered by a taxable person contractually to and for the direct benefit of an investor belonging outside Singapore should be subject to GST at zero rate.

### **C. Stamp Duty**

There is no stamp duty payable in respect of the issuance and holding of the Class A Cumulative Preference Shares. Where an instrument of transfer is executed in respect of the Class A Cumulative Preference Shares in Singapore, stamp duty is payable on such instrument of transfer at the rate of S\$0.20 for every S\$100 or any part thereof, computed on the consideration for, or market value of, the Class A Cumulative Preference Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of the Class A Cumulative Preference Shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and received in Singapore.

The above stamp duty is not applicable to electronic transfers of the Class A Cumulative Preference Shares through the scripless trading system operated by CDP.

### **D. Estate duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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**PART II – IDENTITY OF DIRECTORS, ADVISERS AND AGENTS**

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**Directors**

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.
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<b>Name of Directors</b>	<b>Address</b>
Lum Ooi Lin (also known as Olivia Lum)	202 Kallang Bahru Hyflux Building Singapore 339339
Lee Joo Hai	202 Kallang Bahru Hyflux Building Singapore 339339
Teo Kiang Kok	202 Kallang Bahru Hyflux Building Singapore 339339
Gay Chee Cheong	202 Kallang Bahru Hyflux Building Singapore 339339
Christopher Murugasu	202 Kallang Bahru Hyflux Building Singapore 339339
Rajsekar Kuppuswami Mitta	202 Kallang Bahru Hyflux Building Singapore 339339
Professor Tan Teck Meng	202 Kallang Bahru Hyflux Building Singapore 339339

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**Advisers**

2. Provide the names and addresses of —

**(a) the issue manager to the offer, if any;**

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Sole Lead Manager and Bookrunner for the Offer	:	DBS Bank Ltd. 6 Shenton Way #35-00 DBS Building Tower One Singapore 068809
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**(b) the underwriter to the offer, if any; and**

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The Offer is not underwritten.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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**(c) the legal adviser for or in relation to the offer, if any.**

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Legal Adviser to the Issuer as to Singapore law	:	Stamford Law Corporation 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
Legal Adviser to the Sole Lead Manager and Bookrunner as to Singapore law	:	Allen & Gledhill LLP One Marine Boulevard #28-00 Singapore 018989

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**Registrars and Agents**

**3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.**

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Share Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Receiving Banker	:	DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809

**PART III – OFFER STATISTICS AND TIMETABLE**

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**Offer Statistics**

**1. For each method of offer, state the number of the securities being offered.**

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Methods of offer	:	The Public Offer, the Reserve Offer, if any, and the Placement, if any.
Number and liquidation preference of Class A Cumulative Preference Shares being offered	:	Up to 2,000,000 Class A Cumulative Preference Shares (amounting to up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares), subject to the Upsize Option.

**Upsize Option**

The Issuer may, in consultation with the Sole Lead Manager and Bookrunner, increase, at any time on or prior to the Closing Date, the number of Class A Cumulative Preference Shares being offered pursuant to the Offer to up to 4,000,000 Class A Cumulative Preference Shares (amounting to up to S\$400,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) if applications and/or, if applicable, indications of interest are

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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received for more than 2,000,000 Class A Cumulative Preference Shares (amounting to more than S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) and/or to satisfy demand under the Reserve Offer, if any, and/or the Placement, if any.

### **Public Offer**

Up to 2,000,000 Class A Cumulative Preference Shares (amounting to up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) offered at the Issue Price to the public in Singapore through Electronic Applications.

### **Reserve Offer**

Up to 200,000 Class A Cumulative Preference Shares (amounting to up to S\$20,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) may be offered at the Issue Price to the directors, management and employees of the Issuer and its subsidiaries at the Issuer's discretion and in consultation with the Sole Lead Manager and Bookrunner.

### **Placement**

Up to 2,000,000 Class A Cumulative Preference Shares (amounting to up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) may be offered by way of placement at the Issue Price to institutional and other investors at the Issuer's discretion and with the agreement of the Sole Lead Manager and Bookrunner. The maximum number of the Class A Cumulative Preference Shares offered under the Reserve Offer, if any, and/or the Placement, if any, may not exceed 2,000,000 (or a maximum aggregate liquidation preference of S\$200,000,000).

### **Re-allocation**

The Issuer may, with the agreement of the Sole Lead Manager and Bookrunner, re-allocate the Class A Cumulative Preference Shares offered under the Public Offer to the Reserve Offer, if any, and the Placement, if any. The aggregate liquidation preference of the Class A Cumulative Preference Shares offered under the Public Offer may not reflect the actual aggregate liquidation preference of the Class A Cumulative Preference Shares that will be allocated under the Public Offer.

The actual aggregate liquidation preference of the Class A Cumulative Preference Shares to be allocated between the Public Offer, the Reserve Offer, if any, and the Placement, if any, will be finalised on or prior to the Issue Date.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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### Method and Timetable

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to —
  - (a) the offer procedure; and
  - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.

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Please see below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.

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Please refer to the section entitled “Expected Timetable of Key Events” of this Offer Information Statement. As at the date of this Offer Information Statement, the Issuer does not expect the timetable under the section entitled “Expected Timetable of Key Events” of this Offer Information Statement to be modified. However, the Issuer may, at its discretion, and with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, extend, shorten or modify the timetable as it may think fit subject to any limitation under any applicable laws. In particular, the Issuer will, if so agreed with the Sole Lead Manager and Bookrunner, have the discretion to close the Public Offer, the Reserve Offer, if any, and/or the Placement, if any, early. The Issuer will publicly announce any changes to the timetable through a SGXNET announcement to be posted on the SGX-ST’s website at <http://www.sgx.com>.

Applications for the Public Offer Preference Shares must be made by way of Electronic Applications.

An investor will have to pay for the Public Offer Preference Shares at the Issue Price upon application at the ATMs of the Participating Banks. An investor can use cash and/or CPF Funds to apply for the Public Offer Preference Shares. When applying for only 100 Public Offer Preference Shares, an investor can use either cash only or CPF Funds only, but not a combination of both. Thereafter, the amount of cash or CPF Funds used must be for 10 Public Offer Preference Shares or higher integral multiples thereof.

Applications for the Reserved Preference Shares, if any, must be made directly through the Issuer, who will determine, at its sole discretion, the manner and method for applications under the Reserve Offer, if any.

Applications for the Placement Preference Shares, if any, must be made directly through the Sole Lead Manager and Bookrunner, who will determine, at its discretion, the manner and method for applications under the Placement, if any.

More details on the procedures for, and the terms and conditions applicable to, the applications for the Class A Cumulative Preference Shares under the Offer are contained in “Terms, Conditions and Procedures for Application and Acceptance” in Appendix F to this Offer Information Statement.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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- 4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**
- 

Payment by subscribers for the Public Offer Preference Shares and for the Reserved Preference Shares, if any, is to be made in full upon application.

Payment by subscribers for the Placement Preference Shares, if any, is to be made in full on or about the Issue Date unless otherwise agreed by the Issuer and the Sole Lead Manager and Bookrunner.

Details of the methods of payment for the Public Offer Preference Shares are contained in “Terms, Conditions and Procedures for Application and Acceptance” in Appendix F to this Offer Information Statement.

The methods of payment for the Reserved Preference Shares, if any, and the Placement Preference Shares, if any, will be determined by the Issuer and the Sole Lead Manager and Bookrunner, respectively.

Please also refer to the section entitled “Expected Timetable of Key Events” of this Offer Information Statement for the last date and time for applications for the Public Offer Preference Shares.

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- 5. State, where applicable, the methods of and time limits for –**
- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
  - (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**
- 

Upon the completion of the Offer, the Issuer shall issue global share certificates representing the relevant number of subscribed Class A Cumulative Preference Shares to CDP and CDP shall credit the Securities Account of each successful applicant and/or the Securities Account of the relevant CPF approved bank (with whom a successful applicant maintains a CPF Investment Account) with the appropriate number of Class A Cumulative Preference Shares for which the successful applicant has subscribed and has been allotted. Upon crediting of the Class A Cumulative Preference Shares to the Securities Accounts of the relevant subscribers, it is expected that CDP will send to the relevant subscriber, at the subscriber’s own risk, within three market days after the date on which the Class A Cumulative Preference Shares are credited, a notification letter stating the number of the Class A Cumulative Preference Shares credited to the relevant subscriber’s Securities Account. The relevant CPF approved bank will reflect the successful applications in account statements sent to its customers.

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- 6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**
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Not applicable.



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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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7. **Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**
- 

The Issuer will announce the results of the Offer through a SGXNET announcement to be posted on the SGX-ST's website at <http://www.sgx.com>.

The Issuer and the Sole Lead Manager and Bookrunner reserve the right to reject or accept any application for the Class A Cumulative Preference Shares, in whole or in part, or to scale down or ballot any application for the Class A Cumulative Preference Shares, without assigning any reason therefor, and no enquiry and/or correspondence on their decision will be entertained.

When an application for the Public Offer Preference Shares by way of Electronic Application is invalid or unsuccessful, or is accepted or rejected in part only, the full amount or, as the case may be, the balance of the amount paid on application, will be returned or refunded to such applicants (without interest or any share of revenue or other benefit arising therefrom) by crediting their bank accounts with the relevant Participating Bank or their CPF Investment Accounts maintained with the relevant CPF approved banks (which includes the Participating Banks), at their own risk, within one market day after balloting, the receipt by such bank of the amount being a good discharge to the Issuer, the Sole Lead Manager and Bookrunner and CDP of their obligations.

Where the Offer does not proceed for any reason, the full amount of application moneys for the Class A Cumulative Preference Shares (without interest or any share of revenue or other benefit arising therefrom) will, within 14 days after the Offer is discontinued, be returned to the applicants at their own risk, provided that such refund in relation to such applications are made in accordance with the procedures set out in the section entitled "Terms, Conditions and Procedures for Application and Acceptance" in Appendix F to this Offer Information Statement.

### PART IV – KEY INFORMATION

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#### Use of Proceeds from Offer and Expenses Incurred

1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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Please see below.

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2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
- 

Assuming a total of 2,000,000 Class A Cumulative Preference Shares are issued at the Issue Price of S\$100 for each Class A Cumulative Preference Share, the gross proceeds from the Offer amount to approximately S\$200,000,000. The estimated net amount of proceeds from the Offer, after taking into account the estimated expenses for the Offer of approximately S\$4,000,000, is expected to be approximately S\$196,000,000.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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- 3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**
- 

The net proceeds from the issue of the Class A Cumulative Preference Shares will be used to fund the Group's water and infrastructure projects and for general working capital in the estimated proportions of 80% and 20% respectively.

Pending deployment of the net proceeds, such net proceeds may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

There is no minimum amount which, in the reasonable opinion of the Directors, must be raised by the Offer.

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- 4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**
- 

Please see Paragraph 3 of Part IV – Key Information above.

Assuming a total of 2,000,000 Class A Cumulative Preference Shares are issued at the Issue Price, for each dollar of the gross proceeds from the Offer, the estimated amount that will be used to pay for expenses incurred in connection with the Offer is approximately S\$0.02 (representing approximately 2% of the gross proceeds).

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- 5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**
- 

As at the date of this Offer Information Statement, there is no intention to use the net proceeds from the Offer, directly or indirectly, to acquire or refinance the acquisition of an asset that is not in the ordinary course of business of the Issuer and its subsidiaries.

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- 6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**
- 

As at the date of this Offer Information Statement, there is no intention to use the net proceeds from the Offer to finance or refinance the acquisition of another business.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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7. **If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**
- 

As at the date of this Offer Information Statement, there is no intention to use the net proceeds to discharge, reduce or retire any indebtedness of the Issuer or its subsidiaries.

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8. **In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**
- 

The Offer is not underwritten. A management fee of 1.5% on the principal amount of the Class A Cumulative Preference Shares sold to investors is payable to the Sole Lead Manager and Bookrunner.

Save as disclosed above, as at the Latest Practicable Date, the Issuer has not agreed to any discounts or commissions to any placement or selling agents in relation to the Offer.

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**Information on the Relevant Entity**

9. **Provide the following information:**

- (a) **the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);**
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Registered Office and Principal Place of Business : 202 Kallang Bahru  
Hyflux Building  
Singapore 339339

Telephone number : (65) 6214 0777

Facsimile number : (65) 6214 1211

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- (b) **the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;**
- 

Hyflux was founded in 1989 as Hydrochem (S) Pte Ltd, a trading company selling water treatment systems in Singapore, Malaysia and Indonesia. Hyflux, at the point of listing in 2001, was the first water treatment company to be listed on the Main Board of the SGX-ST. The initial market capitalisation of Hyflux was approximately S\$50 million. It was named as an index stock of the Straits Times Index in March 2005. In January 2008, Hyflux was designated as one of the component stocks under the Financial Times Stock Exchange, FTSE ST Mid Cap Index. As at the Latest Practicable Date, Hyflux has a market capitalisation of approximately S\$1.8 billion.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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Hyflux is a leading fully-integrated water solutions company based in Singapore, with operations in key markets including the Southeast Asia region, the People's Republic of China (the "PRC"), India, and the Middle East and North Africa ("MENA") region. Hyflux provides cost-effective and sustainable solutions in seawater desalination, water recycling, wastewater treatment, including membrane bioreactor and potable water treatment.

Hyflux performs a full spectrum of activities: from research and development ("R&D"), membrane manufacturing, membrane and system sales, process engineering, turnkey project management, engineering, procurement and construction ("EPC"), operations and maintenance ("O&M") of water plants, to investment in water and infrastructure projects.

Hyflux also explores the utilisation of membrane technologies in various applications including separation, concentration and purification of manufacturing process streams. To date, Hyflux's membranes and systems have been installed in more than 1,000 plants in over 400 locations worldwide.

Hyflux's track record includes:

- Singapore's first water recycling plant, Bedok NEWater Plant, with a capacity of 32,000 m<sup>3</sup>/day;
- Singapore's first seawater reverse osmosis ("SWRO") desalination plant, SingSpring Desalination Plant, with a capacity of 136,380 m<sup>3</sup>/day;
- Seletar NEWater Plant, a water recycling plant in Singapore, with a capacity of 24,000 m<sup>3</sup>/day;
- Chestnut Avenue Waterworks, a water treatment plant in Singapore, with a capacity of 273,000 m<sup>3</sup>/day; and
- the PRC's largest SWRO desalination plant in the Dagang district in Tianjin City, with a capacity of 100,000 m<sup>3</sup>/day.

Hyflux is also currently building the world's largest SWRO desalination plant with a capacity of 500,000 m<sup>3</sup>/day in Magtaa, Algeria.

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- (c) **the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –**
- (i) **the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
  - (ii) **the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**
- 

### **General Business Developments in FY2008**

In 2008, Hyflux won the bid to build the world's largest SWRO desalination plant with a capacity of 500,000 m<sup>3</sup>/day and valued at US\$468 million in Magtaa, Algeria.

During that year, Hyflux was awarded the following water projects in the PRC with a total estimated value of RMB945 million:

- Potable Water Plant in Jiangxi Province, Leping District with a total project investment cost of RMB45 million and a designed capacity of 30,000 m<sup>3</sup>/day.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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- Wastewater Treatment Plant in Jiangsu Province, Funing District with a total project investment cost of RMB42 million and a designed capacity of 20,000 m<sup>3</sup>/day.
- Potable Water Plant in Hunan Province, Taoyuan City valued at RMB120 million and a designed capacity of 60,000 m<sup>3</sup>/day.
- Potable Water Plant in Liaoning Province, GongChangLing District with a total project investment cost of RMB107 million and a designed capacity of 40,000 m<sup>3</sup>/day.
- Wastewater Treatment Plant in Anhui Province, Mingguang City with a total project investment cost of RMB53 million and a designed capacity of 30,000 m<sup>3</sup>/day.
- Potable Water Plant in Anhui Province, Mingguang City with a total project investment cost of RMB87 million and a designed capacity of 35,000 m<sup>3</sup>/day.
- Potable Water Plant in Shandong Province, Xiajin County with a total project investment cost of RMB130 million to expand the capacity of the potable water plant from the initial 50,000 m<sup>3</sup>/day to 100,000 m<sup>3</sup>/day.
- Wastewater Treatment Plant in Jiangsu Province, Yangkou Gang Economic District with a total project investment cost of RMB137 million and a designed capacity of 30,000 m<sup>3</sup>/day.
- Water Treatment Plant in Jiangsu Province, Yangkou Gang Economic District with a total project investment cost of RMB224 million and a designed capacity of 50,000 m<sup>3</sup>/day.

### General Business Developments in FY2009

In August 2009, Hyflux signed a Memorandum of Understanding (“**MOU**”) for global collaboration on water projects with the Japan Bank for International Cooperation (“**JBIC**”). The purpose of the MOU is to identify areas where JBIC would consider providing financing for Hyflux’s water projects in Asia (including the PRC and India) and the MENA region that involve the participation of Japanese equipment suppliers or investors. The mechanism through which such financing is provided may include financial instruments such as debt finance, guarantees, and equity investments (including investments in funds). This will present Hyflux with the opportunities and financial leverage to further expand its presence in the global markets for water projects. The partnership will also enable Hyflux to tap on the market knowledge and connections of its partners in markets which it has yet to establish a strong presence, such as India and some of the MENA countries.

In November 2009, Hyflux signed a Strategic Cooperation Agreement with the Bank of Jiangsu, pursuant to which the Bank of Jiangsu will actively support and provide financial services to the Group in the PRC, especially in the Jiangsu province. Hyflux also secured a contract to design and supply a desalination facility with a capacity of 68,000 m<sup>3</sup>/day and valued at S\$95 million for the Salalah Independent Water and Power Project (“**IWPP**”) in Oman, laying the foundation for Hyflux to increase its presence in the MENA region, and thereby positioning Hyflux for new IWPPs and for the retrofitting of aging thermal desalination plants in that region with membrane technology for more efficient and optimal operations. Hyflux celebrated its twentieth anniversary in November 2009, and subsequently announced its expansion plans and investments for its global headquarters located in Singapore, which is to be named the “Hyflux Innovation Centre” and will be located in Bendemeer, and a new membrane manufacturing facility, to be called the “Hyflux Production Hub” and to be located in Tuas.

In December 2009, Hyflux entered into a 50:50 joint venture with JGC Corporation of Japan, to develop, invest and manage water projects in the PRC, including the Tianjin Dagang SWRO Desalination Plant with a capacity of 100,000 m<sup>3</sup>/day.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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### General Business Developments in FY2010

In February 2010, Hyflux was awarded a contract by the PUB, Singapore's national water agency, to design, construct, test and commission the largest membrane bioreactor plant in Singapore with a capacity of 68,000 m<sup>3</sup>/day and valued at S\$35.8 million.

In March 2010, Hyflux was awarded the engineering, procurement and construction contract valued at S\$43.8 million by TP Utilities Pte. Ltd. for stage one of the Tembusu Seawater Desalination Plant. The Tembusu Seawater Desalination Plant is expected to have a capacity of 182,000 m<sup>3</sup>/day.

In August 2010, Hyflux entered into a 50:50 joint venture with Mitsui & Co., Ltd ("Mitsui") of Japan to originate, invest, develop, construct, operate and maintain water plants in the PRC. The joint venture company, Galaxy NewSpring Pte Ltd ("Galaxy"), was intended to be a platform to accelerate investments in developing critical infrastructure to meet the PRC's needs for clean, safe and affordable water. The initial project portfolio of Galaxy consisted of four water treatment plants acquired directly from Hyflux. Subsequent to the formation of Galaxy, Hyflux Water Trust (which owns 18 water plants) was acquired by Galaxy and voluntarily de-listed from the Main Board of the SGX-ST.

### General Business Developments from 31 December 2010 to the Latest Practicable Date

In January 2011, Hyflux announced that its subsidiaries had signed three concession agreements with the People's Government of Chongqing City, Hechuan District, the PRC, to develop respectively three water projects at the Hechuan Industrial Park in Chongqing City, the PRC. Hyflux will invest approximately US\$45 million in these three water projects and, through its subsidiaries in the PRC, will operate and maintain the plants over the concession period of 30 years.

The three plants, comprising two wastewater treatment plants and a potable water treatment plant, are:

- Hexin District Wastewater Treatment Plant which will be designed to treat 20,000 m<sup>3</sup>/day of wastewater for the industrial park;
- Weituo Wastewater Treatment Plant with a treatment capacity of 20,000 m<sup>3</sup>/day which is also for the industrial park; and
- Weituo Water Treatment Plant which will tap water from upstream Jialing River to produce up to 50,000 m<sup>3</sup>/day of potable water for industrial and domestic use.

In February 2011, Hyflux was awarded a concession to develop a wastewater treatment plant to treat up to 150,000 m<sup>3</sup>/day of domestic wastewater for Zunyi City in north Guizhou province, the PRC. The project investment cost is estimated to be approximately RMB200 million and, as publicly announced, the project is scheduled to complete construction in the second half of 2012.

In March 2011, Hyflux and Japan's Mizuho Corporate Bank signed a MOU to collaborate on global water business development and explore various financing structures for water projects.

In April 2011, Hyflux signed a water purchase agreement with PUB to design, build, own and operate Singapore's second and largest SWRO desalination plant in Tuas for a concession period of 25 years. This new SWRO desalination plant, which will incorporate Hyflux's proprietary Kristal® ultrafiltration membrane technology, is designed to produce 318,500 m<sup>3</sup>/day of water. Hyflux will also be constructing a 411MW combined cycle gas turbine power plant to supply electricity to the desalination plant. Excess power will be sold to the power grid. As publicly announced, construction will start by the fourth quarter of 2011 and the project is scheduled to commence operations by 2013. The total project cost of the SWRO desalination plant and power plant is S\$890 million.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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- (d) **the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –**
- (i) **in the case of the equity capital, the issued capital; or**
  - (ii) **In the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**
- 

As at the Latest Practicable Date, the equity capital of the Issuer is as follows:

	Number of Shares	S\$
<b>Ordinary shares in issue<sup>(1)</sup></b>	860,616,364	210,881,372.27

**Note:**

- (1) Including 500,000 treasury shares.

As at the Latest Practicable Date, the loan capital of the Issuer is as follows:

	Face value (S\$)	Coupon per annum (%)
Series 001 Fixed Rate Notes Due 2012 <sup>(1)</sup>	13,500,000	5.00
Series 003 Fixed Rate Notes Due 2012 <sup>(1)</sup>	75,000,000	5.00
Series 004 Fixed Rate Notes Due 2014 <sup>(1)</sup>	60,000,000	5.68
Series 005 Fixed Rate Notes Due 2015 <sup>(1)</sup>	75,000,000	4.29
Series 006 Fixed Rate Notes Due 2016 <sup>(1)</sup>	55,000,000	3.89

**Note:**

- (1) Issued pursuant to the Debt Issuance Programme.
- 

- (e) **where –**

- (i) **the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
  - (ii) **the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**
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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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As at the Latest Practicable Date, the interests of the Substantial Shareholders, as extracted from the Register of Substantial Shareholders are set out below:

Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lum Ooi Lin	252,351,211	29.34	15,000,000 <sup>(1)</sup>	1.74	267,351,211	31.08
Mondrian Investment Partners Limited	–	–	43,463,248 <sup>(2)</sup>	5.05	43,463,248	5.05

**Notes:**

- (1) Shares held in the name of nominees.
- (2) Mondrian Investment Partners Limited (“Mondrian”) is a London-based discretionary investment manager. In respect of assets managed under an investment management agreement between Mondrian and its clients, various clients (in this regard) are the beneficial owners of holdings which are held in custody by the client’s own appointed custodian.

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**(f) any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

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As at the date of this Offer Information Statement, the Directors are not aware of any litigation or arbitration proceedings to which the Issuer or any of its subsidiaries is a party or which are pending or known to be contemplated that may have or which have had in the 12 months immediately preceding the date of lodgment of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

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**(g) where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date –**

**(i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**

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During the 12 months immediately preceding the Latest Practicable Date, the Issuer issued the following:

- (1) S\$55,000,000 3.89% Series 006 Fixed Rate Notes due 2016, pursuant to the Debt Issuance Programme;
- (2) an aggregate of 7,785,000 share options at nominal consideration, pursuant to the Hyflux Employees Share Option Scheme; and



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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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- (3) an aggregate of 4,237,000 Shares, pursuant to the exercise of share options granted under the Hyflux Employees Share Option Scheme, as set out below:

No. of Shares	Exercise price (S\$)
16,000	0.1792
17,000	0.2688
1,000	0.2749
1,000	0.3776
20,000	0.5436
1,000	0.7054
330,000	0.9813
200,000	1.0581
70,000	1.0627
268,000	1.2400
710,000	1.4720
252,000	1.5813
18,000	1.7387
1,142,000	1.7747
190,000	1.7980
351,000	1.8600
156,000	1.8613
264,000	2.3720
96,000	2.6080
40,000	2.6620
94,000	2.7920

- (4) an aggregate of 31,766,863 Shares, pursuant to the exercise of an aggregate of 31,766,863 warrants issued under the Warrant Subscription Agreement<sup>(1)</sup>, as set out below:

No. of Shares	Exercise price (S\$)
16,600,000	2.3749
15,166,863	2.4010

**Note:**

- (1) An aggregate of 41,216,863 warrants were issued under the Warrant Subscription Agreement.

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- (ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and**
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The Issuer has not issued any securities or equity interests in return for services (in the sense of services provided by a service provider as opposed to services provided in the course of employment) within the 12 months immediately preceding the Latest Practicable Date. For the avoidance of doubt, from time to time, the Issuer has granted share options to its Directors and employees pursuant to the Hyflux Employees Share Option Scheme as set out above.

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- (h) a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**
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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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As at the date of this Offer Information Statement, the Directors are not aware of the Issuer or any of its subsidiaries having entered into any material contract which has been entered into outside the ordinary course of the business of the Issuer or any of its subsidiaries, for the period of two years immediately preceding the date of lodgment of this Offer Information Statement.

### PART V – OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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#### Operating Results

1. Provide selected data from –
    - (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and
    - (b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.
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Please refer to Appendix C to this Offer Information Statement.

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2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
    - (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
    - (b) earnings or loss per share; and
    - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.
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	FY2008	FY2009	FY2010
Basic earnings per share (cents)	7.50	9.51	10.52
Dividends per share (cents)	2.29	3.33	4.17
Adjusted earnings per share (cents)	5.98	7.99	9.09

Please also refer to Appendix C to this Offer Information Statement.

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3. In respect of –
  - (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

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### **FY2009 vs FY2008**

The Group's revenue decreased by 5% from S\$554.2 million in FY2008 to S\$524.8 million in FY2009. This was mainly due to lower EPC revenue from fewer projects being carried out in the PRC's municipal and industrial sectors, which was in turn due to the global economic downturn on the back of the global financial crisis.

Raw materials and consumables used and subcontractors' costs decreased by 20% in FY2009 as compared to FY2008 due to cost management measures and lower sales volume. Personnel costs increased by 13% in preparation for the construction of the world's largest SWRO desalination plant in Algeria and new staff for operation and maintenance of newly completed plants. Despite lower revenue, net profit in FY2009 was S\$75.0 million, which was 27% higher than net profit of S\$59.0 million in FY2008.

Current assets increased by S\$165.0 million to S\$549.1 million in FY2009 from S\$384.2 million in FY2008 mainly due to higher trade receivables and cash and fixed deposits. Non-current assets increased by S\$61.0 million to S\$523.4 million in FY2009 from S\$462.4 million in FY2008 from property, plant and equipment and intangible assets, due to acquisition of subsidiaries during the year. Non-current liabilities increased by S\$147.1 million to S\$361.3 million in FY2009 from S\$214.2 million in FY2008 from higher bank borrowings required to support the Group's expansion and investment activities.

### **FY2010 vs FY2009**

The Group's revenue increased by 9% from S\$524.8 million in FY2009 to S\$569.7 million in FY2010. This was mainly attributable to the higher municipal revenue generated in the MENA region and Singapore.

Despite higher revenues, raw materials and consumables used and subcontractors' costs decreased by 2% in FY2010 to S\$303.0 million from S\$309.4 million in FY2009, due to cost management measures implemented by the Group. Personnel expenses increased by 10% in line with the Group's expansion plans. The increase in other expenses was primarily driven by foreign exchange losses during FY2010. Resultant net profit attributable to shareholders increased by 18% to S\$88.5 million in FY2010 as compared to S\$75.0 million in FY2009.

Current assets increased by S\$144.6 million to S\$693.7 million in FY2010 from S\$549.1 million in FY2009, mainly due to increases in amount due for contract work and cash and fixed deposits. Non-current assets increased S\$142.6 million to S\$666.0 million in FY2010 from S\$523.4 million in FY2009, from increases in plant, property and equipment as well as financial and lease receivables. Non-current liabilities increased by S\$168.0 million to S\$529.3 million in FY2010 from S\$361.3 million in FY2009, due to higher bank borrowings to support the Group's expansion and investment activities.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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### Financial Position

4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –
- (a) the most recent completed financial year for which audited financial statements have been published; or
  - (b) if interim financial statements have been published for any subsequent period, that period.

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Please refer to Appendix D to this Offer Information Statement.

5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:
- (a) number of shares after any adjustment to reflect the sale of new securities;
  - (b) net assets or liabilities per share; and
  - (c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.

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	<u>As at 31 December 2010</u>
Net assets per Share (S\$)	0.586
Number of Shares	857,931,364

Please also refer to Appendix D to this Offer Information Statement.

The sale of the Class A Cumulative Preference Shares will have no impact on the number of Shares, or the net assets or liabilities per Share, of the Issuer.

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### Liquidity and Capital Resources

6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –
- (a) the most recent completed financial year for which financial statements have been published; and
  - (b) if interim financial statements have been published for any subsequent period, that period.

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The Group's cash position increased to S\$222.3 million as at 31 December 2010 from S\$166.7 million as at 31 December 2009. For FY2010, net cash of S\$49.5 million was used in the Group's operating activities, mainly towards working capital requirements. Cash used in investing activities for FY2010 was largely for capital expenditure of property, plant and equipment and intangible assets to support the Group's expansion including investments in joint ventures and associates. Cash generated from financing activities for FY2010 was mainly from borrowings to fund the Group's investments and from the issue of Shares under the Hyflux Employees Share Option Scheme as well as the Warrant Subscription Agreement.

Please also refer to Appendix E to this Offer Information Statement.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.

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The Directors are of the opinion that, as at the date of lodgment of this Offer Information Statement, taking into consideration the total assets of the Issuer and its subsidiaries, the working capital available to the Issuer and its subsidiaries is sufficient for present requirements.

8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide –
- (a) a statement of that fact;
  - (b) details of the credit arrangement or bank loan; and
  - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

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As at the date of lodgment of this Offer Information Statement, the Directors are not aware of any breaches of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Issuer's financial position and results or business operations, or the investments by holders of securities in the Issuer.

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### Trend Information and Profit Forecast or Profit Estimate

9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.

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#### Business and Financial Prospects of the Group

Accessible, reliable and sustainable water supplies remain a key global challenge. Population growth and economic development have resulted in many regions of the world coming under increasing water stress. With the mounting water scarcity, there is a growing appreciation that resources have to be better managed for a secure water future. This has turned the focus to water policy reform, water efficiency measures and solutions such as desalination and water recycling to augment or meet water supply requirements.

Hyflux is well-positioned to harness the business opportunities that the global water situation presents with its cost-effective and environmentally responsible solutions in desalination, water recycling, wastewater and potable water treatment.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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### **Trends, Uncertainties, Demands, Commitments or Events**

There are trends, uncertainties, demands, commitments or events that may have a material and adverse impact on the business, results of operations, financial condition and prospects of the Group. This section is only a summary, and is not an exhaustive description, of all the trends, uncertainties, demands, commitments or events. There may be additional trends, uncertainties, demands, commitments or events not presently known to the Group, or that the Group may currently deem immaterial, which could affect its business, results of operations, financial condition and prospects.

### **Risk Factors**

#### **(a) Risks Relating to the Group**

##### ***Global economic conditions may adversely affect the business, results of operations and financial condition of the Group***

The business of the Group is subject to fluctuations in the economic conditions as well as the regulatory controls in the countries in which it has operations. The Group may in the future expand its businesses to other countries. The risk profile of the entities in the Group will therefore be subject to the political, economic, social, security, regulatory and/or other risks in each of the countries or businesses that the entities in the Group operate in. The business, financial condition and performance of the entities in the Group may be adversely affected by any of such political, economic, social, security, regulatory and/or other conditions or developments. Accordingly, the stability of income flow, business, financial condition, performance or prospects of the Group may in turn be adversely affected.

Global economic conditions may also impact the availability of funds, which could consequently affect the Group's ability to obtain financing to fuel growth of its businesses and/or to refinance existing debt obligations.

##### ***Economic conditions in Asia may affect the business, results of operations and financial condition of the Group***

Most of the Group's business activities are concentrated in Asia. As a result, the Group's revenue, results of operations and future growth depend, to a large extent, on the continued growth of the markets in Asia. Over the past few years, currency fluctuations, liquidity shortages, fluctuations in interest rates and other factors have adversely affected the Asian economies. The effect of a further decline in the economic conditions in Asia could adversely affect the Group's results of operations and future growth.

##### ***The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, results of operations and financial condition of the Group***

As most of the Group's business activities are concentrated in Asia, the outbreak of an infectious and/or communicable disease such as the Severe Acute Respiratory Syndrome or the Influenza A virus and its variants including swine influenza (H1N1) and avian influenza (H5N1) in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia, and could thereby adversely affect the revenues and results of operations of the Group. For example, should a significant number of employees at a plant be diagnosed with H1N1 or H5N1, the operations of that plant may be interrupted. Such disruptions may adversely affect the Group's financial condition, results and/or operations; in particular, if such outbreak becomes uncontrolled and has a material adverse economic effect in the countries where the Group operates and conducts business.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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### ***Pollution of the seawater supply to the Group's plants may adversely affect its earnings***

The desalination process of the various seawater desalination plants requires seawater from the surrounding waters off the geographical land area of respective plant sites to produce desalinated water. In the event the seawater is polluted, and depending on the level of pollution, it may not be possible for the seawater to be desalinated at all, or to be desalinated into water that is in accordance with the standards provided for under the relevant water purchase agreements or other offtake agreements (collectively, the "WPA"). For example, the seawater could be polluted by contaminants from industrial discharge, oil spills, or other events which are outside the control of the Group.

Pollution of the seawater used in the desalination process may adversely affect the operating costs or earnings of the Group by requiring it to incur additional expense to desalinate the water to be in compliance with the WPA or because of reduced payments by offtakers under the WPA due to reduced water availability or quality.

In the event that the degradation in seawater quality results in an inability by the Group to fully perform its obligation to provide desalinated water under the WPA, resulting in either a reduction or suspension of payment under the WPA, this would adversely and materially affect the Group's operations, business and financial condition.

### ***Certain construction and management risks may arise within the Group's projects***

A segment of the Group's business is project-based, and good project management, procurement of materials and allocation of resources are important factors for the successful completion of projects.

Cost of materials is a significant component of the Group's expenditure. An example is steel, which is one of the key materials for the Group's water-related projects. The Group may not be able to fully pass on the cost of such materials to its customers and any increase in the cost of such raw materials could have a material adverse effect on the Group's financial condition and results of operations.

The construction and development of projects also entail significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of, new projects.

All of the above factors may affect the Group's business, results of operations and financial condition.

### ***The Group is dependent on key personnel and the availability of skilled engineers***

The Group is dependent on the continuous efforts of its senior management, in particular, Ms Olivia Lum, Group President & Chief Executive Officer, Mr Sam Ong, Group Executive Vice President & Group Deputy Chief Executive Officer, Mr Cho Wee Peng, Group Executive Vice President & Group Chief Financial Officer, Ms Winnifred Heap, Group Executive Vice President, Capital Markets, Mr Oon Jin Teik, Group Executive Vice President & Chief Executive Officer, China, Dr Andrew Ngiam, Group Executive Vice President & Group Chief Operating Officer, Mr Foo Hee Kiang, Group Executive Vice President, Commercial Contracts & Industry Relations and Mr Peter Wu, Group Senior Managing Director & Chief Executive Officer, Galaxy. The loss of the services of any one or more of these senior managers may have an adverse effect on the Group's ability to achieve its objectives.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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Owing to the specialised nature of the Group's business activities, there is a limited supply of skilled engineers. To the extent that the Group is unable to recruit and/or retain the required number of skilled engineers to meet the expected increase in both production and R&D, its turnover and profitability could be negatively affected.

### ***The Group relies on counterparties to perform their obligations***

The Group has arrangements with counterparties, such as suppliers of key pumps and reverse osmosis membranes, which are essential to the operation of its plants. If any of the Group's key counterparties fails to perform its obligations or if the credit-worthiness of any of these counterparties deteriorates, the Group's operations, business and financial condition may be materially and adversely affected. Furthermore, significant costs and time may have to be spent in order to find a replacement provider of the supplies or services. In addition, any material increase in the price charged to the Group for these services or supplies would adversely and materially affect the Group's operations, business and financial condition.

### ***The Group may encounter problems with its business ventures or joint ventures that may affect its business***

The Group has, and expects in the future to have, interests in business ventures or joint ventures in connection with its development plans. Over time, the priorities of the Group and its business partners may diverge and existing joint ventures may no longer be relevant. Hence, the need may arise in the future for reorganisation of existing joint ventures, resulting in the exit of existing business partners and the emergence of new business partners. Any of these and other factors may affect the performance of the Group's business ventures or joint ventures, which may in turn affect the Group's results of operations and financial condition.

### ***The Group faces increasing competition in its key markets***

The Group's businesses compete with both domestic and international companies with respect to factors such as location, facilities, supporting infrastructure, services and pricing. Intensified competition may result in increased costs for land, materials and overheads and increased delays in the approval process for new projects by the relevant government/municipal authorities, all of which may adversely affect the Group's business.

Some of the competing companies have significant financial resources, marketing and other capabilities. Domestic companies in the overseas markets have extensive knowledge of the local networks and relationships in their respective domestic markets. International companies are able to capitalise on their overseas experience and greater financial resources to compete in the markets in which the Group has an overseas presence. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on the Group's business, financial condition and results of operations.

### ***The Group's growth will depend on its continuing ability to secure and develop new large-scale projects***

As a large portion of the Group's business is project-based, the Group's profitability is dependent on its ability to secure new profitable projects. The ability of the Group to secure new projects may be based on a number of factors, including having the relevant technical expertise, an established track record in the specific fields, and/or the possession of various licences and permits. In the event that the Group does not secure adequate new projects, this may have an adverse effect on the Group's business, results of operations, financial condition and prospects.



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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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***Risks associated with the collection, treatment and disposal of wastewater create risks different, in some respects, from the Group's water utility operations***

The wastewater collection, treatment and disposal operations of the Group providing water and wastewater services are subject to substantial regulation and involve significant environmental risks. If collection or sewage systems fail, overflow or do not operate properly, untreated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages, which may not be recoverable in fees. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damage could adversely and materially affect the Group's business, results of operations and financial condition. In the event that the Group is deemed liable for any damage caused by overflow, its losses might not be covered by insurance policies or it may be difficult to secure insurance for this business in the future at acceptable rates.

***Environmental risks may adversely affect the Group's water business, profitability or financial condition***

The Group's water business is exposed to environmental risks due to the nature of its operations. Water suppliers may be exposed to pollution, including pollution from the development of naturally occurring compounds, or contamination resulting from man-made sources. Should any such pollution or contamination occur in respect of the water supply of water treatment facilities, including those relating to the treatment of wastewater, raw water and water for human consumption, and the affected water treatment facility is unable to substitute a water supply from an uncontaminated water source, or to adequately and cost-effectively treat the contaminated water source, this could have an adverse effect on the business profitability and accordingly, the financial position of the relevant Group company.

Further, the Group's capital and operating costs have increased substantially as a result of increases in environmental regulation arising from improved detection technology and increases in the cost of disposing of residuals from the Group's water treatment plants, upgrading and building new water treatment plants, monitoring compliance activities and addressing contamination issues. There is no assurance that the Group will be able to recover these costs from parties responsible or potentially responsible for contamination. The Group's ability to recover these types of costs depends on a variety of factors, including the willingness of potentially responsible parties to settle litigation (or otherwise address the contamination) and the extent and magnitude of the contamination. Also, the Group can give no assurance regarding the adequacy of any such recovery of these costs.

The water supply to the Group's water treatment facilities is also at risk of water shortages caused by prolonged periods of drought. If there are supply shortfalls caused by prolonged periods of drought, additional costs may be incurred by the relevant Group entity to provide emergency reinforcement of supplies to areas facing shortage. Restrictions on water use may adversely affect the Group's revenues from metered customers.

***The Group may suffer uninsured losses***

The Group maintains insurance policies covering its assets, business and employees in line with general business practices in Singapore. There are, however, certain types of losses (such as those resulting from wars, acts of terrorism, acts of God or political risks) that are generally not insured or not fully insured because they are either uninsurable or the costs are prohibitive when compared to the risks. For example, there is no insurance available for degradation in the quality of seawater around the plants and facilities, which is the source of water used in the desalination process. The Group's existing insurance policies may not be adequate to cover damage to or loss of its desalination facilities, replacement costs, lost revenues, increased expenses or liabilities to third parties.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the projects, as well as anticipated future revenue from those projects. The Group would also remain liable for any debt that is with recourse to the Group and may remain liable for any mortgage indebtedness or other financial obligations. Any such loss could adversely affect the results of operations and financial condition of the Group. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for the Group will be available in the future on commercially reasonable terms or at commercially reasonable rates.

In addition, the Group could be held liable for human exposure to dangerous substances in its water supplies or other environmental damage which could be sustained. There can be no guarantee that the costs of any such claims would be fully covered by insurers or that such insurance coverage will continue to be available in the future. Moreover, insurance cover is not available at a commercially acceptable premium in respect of gradual contamination.

### ***The Group may engage in hedging transactions, which can limit gains and increase exposure to losses***

The Group may enter into hedging transactions to protect itself from the effects of interest rate and currency exchange fluctuations on floating rate debt. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements. Hedging involves various risks, including, without limitation, risks associated with the creditworthiness of the hedge counterparty. There is no assurance that the Group would be able to adequately manage its risks through hedging transactions.

Consequently, the interest cost to the Group for the floating interest rate debt will be subject to fluctuations in interest rates. Hedging policies may not adequately cover the Group's exposure to interest rate fluctuations which could potentially affect the Group's operations or financial condition.

### ***The Group is exposed to foreign exchange fluctuation risks***

The Group operates in several countries and, as a result, is exposed to movements in foreign exchange rates. The Group's revenues, purchases and operational expenses are primarily denominated in US dollars, Singapore dollars, RMB, Algerian dinars and Euros. As such, the Group may have a net foreign exchange exposure due to a mismatch in the currencies of receipts and payments. To the extent of such mismatch, any significant appreciation or depreciation in the currencies in which the Group collects revenues against the currencies in which the Group's expenses are denominated may cause the Group to incur foreign exchange losses. The Group also records its financial results in Singapore dollars. Any fluctuations in currency exchange rates will also result in exchange gains and losses arising from transactions carried out in foreign currencies as well as translations of foreign currency monetary assets and liabilities as at the various balance sheet dates.

### ***The Group may be subject to restrictions in repatriation of funds***

The Group may be subject to foreign exchange controls that may adversely affect the ability to repatriate the income or capital that are located outside Singapore. Repatriation of income and capital may require the consent of the relevant governments. Delays in or refusals to grant any such approval, revocations or variations of consents previously granted, or the imposition of new restrictions may adversely affect the Group's business, results of operations and financial condition.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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***Water-related infrastructure businesses are often regulated. The Group's businesses are subject to the applicable laws and regulations of the countries where they are located in, and may be adversely affected by any changes in the applicable laws and regulations***

Changes in government policies, laws or regulations or their application affecting the business activities of the relevant Group's businesses may adversely affect its operating results, business and financial condition. There may be a need to incur additional costs or limit business activities to comply with new laws or regulations, such as stricter environmental or safety controls.

For instance, the Group's strategy is to invest in water-related infrastructure assets globally. Changes in laws and regulations of these countries or the implementation thereof may require the Group to obtain additional approvals, certificates, permits or licences from the relevant government authorities for the relevant Group companies to carry on its operations in these countries. The Group may be required to incur additional costs to ensure that it complies with any of such changes. In addition, there is no assurance that the Group will be able to obtain the additional approvals, certificates, permits or licences promptly or at all, and may be required to cease operations because it lacks such approvals, certificates, permits or licences. Such changes may add to the costs of carrying on business, which could materially and adversely affect the Group's financial performance, and potentially affect the Group's operating results, business and financial condition.

***The Group's businesses are dependent on the policies of the respective national, city or provincial governments***

A significant part of the Group's businesses involves environmental applications of its proprietary membranes. The demand for these environmental solutions is heavily dependent on the policies of the respective national, city or provincial governments from time to time. Accordingly, any changes in the policies of the applicable national, city or provincial governments from time to time with regards to the Group's businesses will have an effect on the Group's business, financial condition and results of operations.

***The Group's customers are subject to environmental laws and regulations of the countries in which they operate and they may seek recourse from the Group should there be any violation***

The environmental laws and regulations of the countries in which the Group supports its clients require the Group's customers to meet certain standards and impose liability if these are not met. Though the Group is not directly regulated by these environmental laws and regulations, there is no assurance that the Group's customers or the relevant authorities will not seek recourse from it in the event of non-compliance with such laws and regulations, even if the Group's plants were commissioned and tested to be in compliance with the then-existing standards at the point of handing over to its customers.

In addition, the liabilities and risks imposed on the Group's customers by environmental laws may adversely impact demand for some of the Group's products or services or impose greater liabilities and risks on it, which could also have an adverse effect on the Group's competitive and financial position.

***The Group is subject to risks associated with technological and regulatory changes***

A part of the Group's businesses involves the manufacture of filtration membranes. As a result, the Group is exposed to changes in technology such as the development of water treatment processes and filtration membranes, regulatory requirements from the United States Food and Drug Administration (U.S. FDA) and the European Union's Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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Equipment 2002/95/EC (RoHs), as well as applicable standards and certifications from entities such as NSF International (formerly known as National Sanitation Foundation) and the International Organization for Standardization (ISO). Any changes in legislative, regulatory or industrial requirements may render certain of the Group's purification and filtration products and processes obsolete. Acceptance of new products may also be affected by the adoption of new government regulations requiring stricter standards. For example, if a new government regulation requires industrial water discharge to be of a higher standard, and should the Group's water treatment plants not be able to meet such a standard, the Group's performance may be adversely affected.

The Group's ability to anticipate changes in technology and regulatory standards and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in the Group's ability to grow and to remain competitive. There can be no assurance that the Group will be able to achieve the technological advances that may be necessary for it to remain competitive or that certain of the Group's products will not become obsolete. In addition, the Group is subject to the risks generally associated with new product introductions and applications, including the lack of market acceptance, delays in development or failure of products to operate properly.

***The Group may not be able to protect its processes, technologies and systems against claims by other parties***

The Group has developed designs and applications of its membranes, membrane modules and membrane systems in various industries such as electronics, pharmaceutical and food and beverage. Such applications were the result of the Group's R&D efforts. The Group has applied for relevant patents and trademarks and/or obtained licences for the use of relevant patents in respect of such designs and applications. The Group will continue to apply for patents as and when the Group determines that it is feasible to do so, based on the results of the Group's R&D.

The Group has also obtained licences from other patent owners for the use, manufacture, marketing and/or sub-licensing of patented products and processes.

Meanwhile, the Group will not have any legal recourse for the designs and applications which are not patented in the event that such solutions are successfully replicated by third parties. In the event that the applications are replicated, the Group may lose its competitive edge and the Group's turnover and profitability on these applications may be adversely affected.

Furthermore, third parties may subsequently assert claims to certain applications. In such an event, the Group may need to acquire licences to, or to contest the validity of, issued or pending patents or claims of third parties. There can be no assurance that any licence acquired under such patents would be made available to the Group on acceptable terms, if at all, or that the Group would prevail in any such contest.

In addition, the Group could incur substantial costs in defending itself in lawsuits brought against the Group for alleged infringement of another party's patents. The Group relies on trade secrets, proprietary know-how and technology, which it seeks to protect, in part, by confidentiality agreements with the Group's prospective working partners and collaborators, employees and consultants.

There can be no assurance that these agreements will not be breached, that the Group will have adequate remedies for any breach, or that the Group's trade secrets and proprietary know-how will not otherwise become known or be independently discovered by others.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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***The Group may be involved in legal and other proceedings arising from its operations from time to time***

The Group may be involved from time to time in disputes with various parties involved in the development of its projects such as contractors, sub-contractors, suppliers, construction companies and purchasers. These disputes may lead to legal or other proceedings, and may cause the Group to incur additional costs and delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects.

***Terrorist attacks, other acts of violence or war and adverse political developments may affect the business, results of operations and financial condition of the Group***

The terrorist attacks in various parts of the world may result in substantial and continuing economic volatility and social unrest globally. Further developments stemming from these events or other similar events around the world could cause further volatility. Any significant military or other response by the U.S. and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the economies where the Group operates and may adversely affect the operations, revenues and profitability of the Group.

***Land or properties belonging to the Group may be acquired compulsorily***

The Group has expanded over the past decade into diversified locations around the world, with operations and projects in Southeast Asia, the PRC, India and the MENA region. Certain laws may allow for the land or properties acquired by the Group to be acquired compulsorily by the respective national, city or provincial governments. Such compulsory acquisitions of any of the land and/or properties acquired by the Group would have an adverse effect on the financial condition and operating results of the relevant Group entity, and correspondingly, the Group.

**(b) Risks Relating to the Class A Cumulative Preference Shares**

***Payments of Dividends on the Class A Cumulative Preference Shares may not be made, or will not be required to be made, on the Dividend Date under certain circumstances.***

Notwithstanding any resources legally available to make dividends or other distributions, the Issuer will not, save to the extent and subject to the matters described in the Articles and summarized herein, be obliged to pay, and shall not pay, any Dividends on the relevant Dividend Date (and such Dividend shall not be considered to be due or payable) if the Issuer has insufficient Distributable Reserves (as defined in the Articles).

***If the financial conditions of the Group were to deteriorate, holders of the Class A Cumulative Preference Shares could lose all or part of their investment.***

If the financial conditions of the Group were to deteriorate, the Issuer could suspend dividends under the Class A Cumulative Preference Shares, and investors would not receive such dividends or other payments. Investors should not assume that unfavourable market or other conditions or events will not harm the financial conditions of the Group. If the Issuer is liquidated, dissolved or wound up, investors could lose all or part of their investment.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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***The terms of certain instruments of the Issuer could limit its ability to make payments on the Class A Cumulative Preference Shares or materially and adversely affect the financial conditions of the Group.***

The Issuer may in the future issue, directly or through its subsidiaries, instruments, securities which may constitute Parity Obligations (as defined in the Articles) or senior obligations, that may restrict or prohibit its ability to make payments on the Class A Cumulative Preference Shares. Compliance with certain provisions in the existing debt instruments or future obligations of the Issuer may not be entirely within its control. Any failure to comply with the covenants contained in these debt instruments or the occurrence of any other event of default under those instruments could lead to an acceleration of all amounts outstanding thereunder, which would require that the Issuer immediately repay those amounts. The Issuer cannot assure investors that its indebtedness, or any indebtedness that it may incur in the future, and their respective restrictions, will not materially and adversely affect its ability to finance its future operations or capital needs, or otherwise materially and adversely affect its business, financial condition, results of operations and cash flows.

***The Class A Cumulative Preference Shares do not have a stated maturity date.***

The Class A Cumulative Preference Shares are not repayable in cash unless the Issuer, at its sole discretion but subject to the satisfaction of the redemption conditions as stated in the Articles, redeems them for cash on or after the First Call Date. Accordingly, unless the Issuer redeems the Class A Cumulative Preference Shares for cash, investors who wish to obtain the cash value of their investment will have to sell their Class A Cumulative Preference Shares. The dividend rate on the Class A Cumulative Preference Shares will not be adjusted to reflect subsequent changes in interest rates or other market conditions, the results of operations or financial conditions of the Group. As a result, investors may not be able to sell their Class A Cumulative Preference Shares for the amount of their original investment.

***If the Issuer redeems the Class A Cumulative Preference Shares, investors may not be able to reinvest the redemption proceeds in a comparable security at a similar return on investment.***

If a Tax Event or an Accounting Event, as the case may be, occurs at any time after the issuance of the Class A Cumulative Preference Shares, subject to the satisfaction of the Redemption Conditions (as defined in the Articles), the Issuer may redeem the Class A Cumulative Preference Shares at their Redemption Price (as defined in the Articles). There is no assurance that investors will be able to reinvest their redemption proceeds to obtain a similar return on investment.

***There is no prior market for the Class A Cumulative Preference Shares and an active or liquid market for the Class A Cumulative Preference Shares may not develop.***

The Class A Cumulative Preference Shares will constitute a new issue of securities with no established trading market. While the SGX-ST has granted its approval in-principle for the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST, there can be no assurance that any market for the securities will develop or be sustained or whether, or at what price, holders of such securities will be able to sell or otherwise transfer their securities. If an active trading market for the Class A Cumulative Preference Shares does not develop or is not sustained, the market prices and liquidity of the Class A Cumulative Preference Shares may be adversely affected.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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### ***Exchange rate risks and exchange controls***

The Issuer will pay dividends on the Class A Cumulative Preference Shares in Singapore dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than Singapore dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Singapore dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Singapore dollar would decrease (i) the Investor's Currency equivalent yield on the Class A Cumulative Preference Shares, (ii) the Investor's Currency equivalent value of the Liquidation Preference and (iii) the Investor's Currency equivalent market value of the Class A Cumulative Preference Shares.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less Dividends or Liquidation Preference than expected, or no Dividends or Liquidation Preference at all.

### ***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor shall consult its legal advisers to determine whether and to what extent (i) the Class A Cumulative Preference Shares are legal investments for it, (ii) the Class A Cumulative Preference Shares can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Class A Cumulative Preference Shares. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Class A Cumulative Preference Shares under any applicable risk-based capital or similar rules.

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- 10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**
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No profit forecast is disclosed in this Offer Information Statement.

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- 11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**
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No profit forecast or profit estimate is disclosed in this Offer Information Statement.

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- 12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**
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No profit forecast is disclosed in this Offer Information Statement.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

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No profit forecast is disclosed in this Offer Information Statement.

14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

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No profit forecast is disclosed in this Offer Information Statement.

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**Significant Changes**

15. Disclose any event that has occurred from the end of –
- (a) the most recent completed financial year for which financial statements have been published; or
  - (b) if interim financial statements have been published for any subsequent period, that period,



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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

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Save as set out in this Offer Information Statement, there is no event that has occurred from 31 December 2010 to the Latest Practicable Date which has not been publicly announced which may have a material effect on the Group's financial position and results.

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### Meaning of "published"

16. In this Part, "published" includes publication in a prospectus, in an annual report or on the SGXNET.
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Noted.

## PART VI – THE OFFER AND LISTING

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### Offer and Listing Details

1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.
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The Issue Price of the Class A Cumulative Preference Shares is S\$100 for each Class A Cumulative Preference Share. The expenses incurred in the Offer will not be specifically charged to subscribers of the Class A Cumulative Preference Shares.

For each ATM Electronic Application made through the ATMs of DBS Bank (including POSB) and the UOB Group, a non-refundable administrative fee of S\$2 will be incurred at the point of application. For each ATM Electronic Application made through the ATMs of OCBC Bank, a non-refundable administrative fee of S\$1 will be incurred at the point of application.

For each Internet Electronic Application made through the IB websites of the relevant Participating Banks, a non-refundable administrative fee of S\$2 will be incurred at the point of application.

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2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.
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The Issue Price of the Class A Cumulative Preference Shares is based on the Liquidation Preference of the Class A Cumulative Preference Shares, which is S\$100 per Class A Cumulative Preference Share.

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3. If –
- (a) any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and
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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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- (b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived, indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.
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Not applicable.

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**4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange –**

- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –

- (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
- (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
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Not applicable.

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- (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –

- (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
- (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
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Not applicable.

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- (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
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Not applicable.

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- (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.
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Not applicable.

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## SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

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5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide –
- (a) a statement of the rights, preferences and restrictions attached to the securities being offered; and
  - (b) an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.

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Please refer to Appendix B to this Offer Information Statement for the rights, preferences and restrictions of the Class A Cumulative Preference Shares.

The shareholders of the Issuer had, at an Extraordinary General Meeting of the Issuer held on 31 March 2011, granted authority to the Directors to issue the Class A Cumulative Preference Shares, and/or to make or grant offers, agreements or options that might or would require the Class A Cumulative Preference Shares to be issued, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, and the authority conferred under such ordinary resolution shall continue in force until the conclusion of the next Annual General Meeting of the Issuer or the date by which the next Annual General Meeting of the Issuer is required by law to be held, whichever is earlier.

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### Plan of Distribution

6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.

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Up to 2,000,000 Class A Cumulative Preference Shares, amounting to up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares, subject to the Upsize Option.

### Upsize Option

The Issuer may, in consultation with the Sole Lead Manager and Bookrunner, increase, at any time on or prior to the Closing Date, the number of Class A Cumulative Preference Shares being offered pursuant to the Offer to up to 4,000,000 Class A Cumulative Preference Shares (amounting to up to S\$400,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) if applications and/or, if applicable, indications of interest are received for more than 2,000,000 Class A Cumulative Preference Shares (amounting to more than S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares) and/or to satisfy demand under the Reserve Offer, if any, and/or the Placement, if any.

### Public Offer

Up to 2,000,000 Class A Cumulative Preference Shares, amounting to up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares will be offered at the Issue Price to the public in Singapore through Electronic Applications.

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## **SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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### **Reserve Offer**

Up to 200,000 Class A Cumulative Preference Shares, amounting to up to S\$20,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares, may be offered at the Issue Price to the directors, management and employees of the Issuer and its subsidiaries at the Issuer's discretion, in consultation with the Sole Lead Manager and Bookrunner.

### **Placement**

Up to 2,000,000 Class A Cumulative Preference Shares, amounting to up to S\$200,000,000 in aggregate liquidation preference of the Class A Cumulative Preference Shares may be offered at the Issue Price to institutional and other investors at the Issuer's discretion, with the agreement of the Sole Lead Manager and Bookrunner.

The maximum number of the Class A Cumulative Preference Shares offered under the Reserve Offer, if any, and/or the Placement, if any, may not exceed 2,000,000 (or a maximum aggregate liquidation preference of S\$200,000,000).

### **Re-allocation**

The Issuer may, with the agreement of the Sole Lead Manager and Bookrunner, re-allocate the Class A Cumulative Preference Shares offered under the Public Offer to the Reserve Offer, if any, and the Placement, if any. The aggregate liquidation preference of the Class A Cumulative Preference Shares offered under the Public Offer may not reflect the actual aggregate liquidation preference of the Class A Cumulative Preference Shares that will be allocated under the Public Offer.

The actual aggregate liquidation preference of the Class A Cumulative Preference Shares to be allocated between the Public Offer, the Reserve Offer, if any, and the Placement, if any, will be finalised on or prior to the Issue Date.

Upon the listing of and quotation for the Class A Cumulative Preference Shares on the Main Board of the SGX-ST, the Class A Cumulative Preference Shares will be traded on the Main Board of the SGX-ST under the book-entry scripless settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of the Class A Cumulative Preference Shares will comprise 10 Class A Cumulative Preference Shares.

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## **7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**

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The Offer is not underwritten.

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## **PART VII – ADDITIONAL INFORMATION**

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### **Statements by Experts**

#### **1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**

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No statement or report made by an expert is included in this Offer Information Statement.

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –
- (a) state the date on which the statement was made;
  - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and
  - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

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No statement or report made by an expert is included in this Offer Information Statement.

3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.

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Noted.

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**Consents from Issue Managers and Underwriters**

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

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DBS Bank has given, and has not withdrawn, its written consent to being named in this Offer Information Statement as the Sole Lead Manager and Bookrunner for the Offer.

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**Other Matters**

5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –
- (a) the relevant entity's business operations or financial position or results; or
  - (b) investments by holders of securities in the relevant entity.

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Save as disclosed in this Offer Information Statement, the Directors are not aware of any other matter which could materially affect, directly or indirectly, the Issuer's business operations, financial position or results, or investments by holders of securities in the Issuer.

Where new circumstances arise, or changes in the affairs of the Group occur after the date hereof but prior to the issue of the Class A Cumulative Preference Shares, and are material, or are required to be disclosed by law and/or the SGX-ST, the Issuer may make an announcement of the same to the SGX-ST. Such announcements shall be deemed to be incorporated in, and form part of, this Offer Information Statement, save that any statement contained in such announcement which is deemed to be incorporated by reference herein shall be deemed to have modified this Offer Information Statement to the extent that a statement contained in that announcement

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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005**

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modifies or supercedes such earlier statement in this Offer Information Statement (whether expressly, by implication or otherwise). Any statement in this Offer Information Statement so modified or superceded by the statement in the announcement shall not be deemed, except as so modified or superceded, to constitute a part of this Offer Information Statement.

**PART VIII – ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES**

Not applicable.

**PART IX – ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES**

Not applicable.

**PART X – ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE**

Not applicable.

## APPENDIX A – LIST OF SIGNIFICANT SUBSIDIARIES OF HYFLUX

A list of the principal activities of the significant subsidiaries of Hyflux and their places of incorporation as at 31 December 2010 is enclosed.

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective interest held by the Group as at 31 December 2010 (%)
<b><i>Held by Hyflux</i></b>			
Hydrochem (S) Pte Ltd	EPC, installation, testing, commissioning, operation and maintenance of liquid treatment plants	Singapore	100
Hyflux Engineering Pte Ltd	Operation and maintenance of liquid treatment plants and sale of treated liquids	Singapore	100
SinoSpring Utility Ltd	Investment holding	British Virgin Islands	100
Hyflux Membrane Manufacturing (S) Pte Ltd	Manufacture of membrane systems	Singapore	100
Spring China Utility Ltd	Investment holding	British Virgin Islands	100
NewSpring Utility Pte Ltd	Investment holding	Singapore	100
<b><i>Held through subsidiaries</i></b>			
Hydrochem Engineering (Shanghai) Co., Ltd	EPC, installation, testing, and commissioning of industrial liquid separation and treatment systems	PRC	100
Hyflux Filtech (Shanghai) Co., Ltd	EPC, installation, testing, and commissioning of industrial liquid separation and treatment systems	PRC	71
Hyflux Hi-tech Product (Yangzhou) Co., Ltd	Manufacture and sale of manufactured equipment and parts for membrane filtration technology	PRC	100
Hyflux NewSpring Construction Engineering (Shanghai) Co., Ltd	EPC, installation, testing, commissioning, operation and maintenance of liquid treatment plants	PRC	100
Hyflux Unitech (Shanghai) Co., Ltd	EPC, installation, testing, commissioning of industrial liquid separation and treatment systems	PRC	71
Hyflux Engineering (Shanghai) Co., Ltd	Operation and maintenance of liquid treatment plants and sale of treated liquids	PRC	100
Hyflux Asset Management Pte. Ltd.	Investment holding	Singapore	100

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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The following description relating to the Class A Cumulative Preference Shares has been extracted from the Articles and is qualified by, and is subject to, the Memorandum of Association of Hyflux as well as the Articles, a copy of which may be inspected at the address of Hyflux.

### Article 8(B).

The Class A Cumulative Preference Shares shall have the rights and be subject to the restrictions set out in Article 8(C).

### Article 8(C).

#### 1. Definitions

In this Article 8(C), unless there is something in the subject or context inconsistent therewith:

<b>“Accounting Event”</b>	means that as a result of: <ul style="list-style-type: none"><li>(i) any change in, or amendment to, the accounting standards applicable to the Company; or</li><li>(ii) any change in the general application or official interpretation of any law or regulation by any relevant body in Singapore,</li></ul> in each case which becomes, or would become, effective on or after the Issue Date, the Class A Cumulative Preference Shares would not be classified as equity instruments in the financial statements of the Company.
<b>“Additional Amounts”</b>	has the meaning ascribed to it in Article 8(C)(6).
<b>“Board”</b>	means the Directors (or an authorised committee thereof).
<b>“Class A Cumulative Preference Shareholder”</b>	means each person registered on the Register as the shareholder holding Class A Cumulative Preference Share(s) at the relevant time, except that, for so long as the Class A Cumulative Preference Shares are listed on the SGX-ST, the term <b>“Class A Cumulative Preference Shareholder”</b> shall: <ul style="list-style-type: none"><li>(i) exclude CDP (unless where otherwise expressly provided in this Article 8(C) or where the term “registered holder” is used in this Article 8(C)); and</li><li>(ii) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register with respect to the Class A Cumulative Preference Shares.</li></ul>
<b>“Class A Cumulative Preference Shares”</b>	means the cumulative non-convertible non-voting perpetual Class A preference shares in the capital of the Company, with a liquidation preference to be prescribed by the Board, and having the rights and subject to the restrictions set out in this Article 8(C) (as such Article may from time to time be amended in accordance with the provisions hereof).



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**APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX  
RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES**

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<b>“Class B Non-Cumulative Preference Shares”</b>	means the non-cumulative non-convertible non-voting perpetual Class B preference shares in the capital of the Company, with a liquidation preference to be prescribed by the Board, and having the rights and subject to the restrictions set out in Article 8(E) (as such Article may from time to time be amended in accordance with the provisions hereof).
<b>“Cumulative Unpaid Dividends”</b>	has the meaning ascribed to it in Article 8(C)(2)(i).
<b>“Day Count Fraction”</b>	means the number of days in the relevant Dividend Period divided by 365.
<b>“Distributable Reserves”</b>	<p>means, at any time, the amounts for the time being available to the Company for distribution as a dividend in compliance with Section 403 of the Act (“<b>Available Amounts</b>”) as at the date of the Company’s latest audited balance sheet; <i>provided that</i> if the Board reasonably believes that the Available Amounts as at any Distributable Reserves Determination Date:</p> <ul style="list-style-type: none"><li>(i) are lower than the Available Amounts as at the date of the Company’s latest audited balance sheet; and</li><li>(ii) are insufficient to pay the Dividend and for payments on Parity Obligations on the relevant Dividend Date,</li></ul> <p>then two Directors shall be required to provide a certificate, on or prior to such Distributable Reserves Determination Date, to the Class A Cumulative Preference Shareholders (accompanied by a certificate of the Company’s auditors for the time being) of the Available Amounts as at such Distributable Reserves Determination Date (which certificate of the two Directors shall be binding absent manifest error) and “<b>Distributable Reserves</b>” as at such Distributable Reserves Determination Date for the purposes of such Dividend shall mean the Available Amounts as set forth in such certificate.</p>
<b>“Distributable Reserves Determination Date”</b>	means, with respect to any Dividend Date, the day falling five market days prior to that Dividend Date.
<b>“Dividend”</b>	means the cumulative preferential cash dividends with respect to the Class A Cumulative Preference Shares as described in Article 8(C)(2).
<b>“Dividend Date”</b>	means such two dates in each year as determined by the Board on which Dividends shall be payable semi-annually, when, as and if declared by the Board, and, where any such date is not a market day, means the market day immediately following such date.
<b>“Dividend Limitation Notice”</b>	has the meaning ascribed to it in Article 8(C)(2)(vi).
<b>“Dividend Period”</b>	means the period from (and including) the Issue Date to (but excluding) the first Dividend Date and each successive period thereafter from (and including) a Dividend Date to (but excluding) the next succeeding Dividend Date.

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**APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX  
RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES**

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<b>“Early Redemption Date”</b>	means such date as may be notified to the Class A Cumulative Preference Shareholders pursuant to Article 8(C)(4)(iii) and/or 8(C)(4)(iv) as being the date for early redemption of the Class A Cumulative Preference Shares.
<b>“First Call Date”</b>	means such date as the Board may decide.
<b>“Full Dividends”</b>	has the meaning ascribed to it in Article 8(C)(2)(ix).
<b>“Issue Date”</b>	means the date on which the Class A Cumulative Preference Shares are first issued.
<b>“Law”</b>	means the laws of Singapore.
<b>“Liquidation Distribution”</b>	means, with respect to any Class A Cumulative Preference Share, upon a dissolution or winding-up of the Company (other than pursuant to a Permitted Reorganisation):  <ul style="list-style-type: none"><li>(i) the Liquidation Preference of that Class A Cumulative Preference Share; and</li><li>(ii) subject to the restrictions in Article 8(C)(2)(v) and unless a Dividend Limitation Notice is in effect, an amount equal to any accrued but unpaid Dividend (whether or not declared) in respect of that Class A Cumulative Preference Share for the period commencing from (and including) the Issue Date and ending on (but excluding) the date of actual payment.</li></ul>
<b>“Liquidation Preference”</b>	means such amount for each Class A Cumulative Preference Share to be prescribed by the Board prior to the allotment and issuance of the Class A Cumulative Preference Shares.
<b>“Optional Redemption Date”</b>	means any date on or after the First Call Date.
<b>“Parity Obligations”</b>	means any preference shares or other similar obligations of the Company which are not expressly stated to rank in all material respects senior or junior to:  <ul style="list-style-type: none"><li>(i) the Class A Cumulative Preference Shares; or</li><li>(ii) any other guarantee given or support agreement entered into by the Company in respect of any preference shares, or other preferred securities (not constituting debt obligations) having in all material respects the same ranking as preference shares, issued by any Subsidiary and are not expressly stated to rank in all material respects senior or junior to the Class A Cumulative Preference Shares.</li></ul>
<b>“Permitted Reorganisation”</b>	means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Company are transferred to a successor entity which assumes all the obligations of the Company under the Class A Cumulative Preference Shares.

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**APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX  
RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES**

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- “Person”** means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.
- “Redemption Conditions”** means the requirements as to Law, if any, for the redemption of the Class A Cumulative Preference Shares.
- “Redemption Date”** means an Early Redemption Date or an Optional Redemption Date, as applicable.
- “Redemption Price”** means, with respect to any Class A Cumulative Preference Share to be redeemed pursuant to this Article 8(C), an amount equal to:
- (i) the Liquidation Preference of that Class A Cumulative Preference Share; and
  - (ii) subject to the restrictions in Article 8(C)(2)(v) and unless a Dividend Limitation Notice is in effect, an amount equal to any accrued but unpaid Dividends (whether or not declared) in respect of that Class A Cumulative Preference Share for the period commencing from (and including) the Issue Date and ending on (but excluding) the relevant Redemption Date.
- “Register”** means, with respect to the Class A Cumulative Preference Shares, the register of members maintained on behalf of the Company under the Act in Singapore.
- “Registrar”** means the share registrar of the Company for the time being.
- “Relevant Proportion”** means:
- (i) in relation to any partial payment of a Dividend, the amount of Distributable Reserves as at the relevant Distributable Reserves Determination Date divided by the sum of:
    - (A) the full amount originally scheduled to be paid by way of Dividend (whether or not paid in whole or part) during the Company’s then-current fiscal year; and
    - (B) the sum of the full amount of any dividends or other distribution or payments in respect of Parity Obligations originally scheduled to be paid (whether or not paid in whole or part) during the Company’s then-current fiscal year; and

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**APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX  
RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES**

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- (ii) in relation to any partial payment of any Liquidation Distribution, the total amount available for any such payment and for making any liquidation distribution on any Parity Obligation divided by the sum of:
  - (A) the full Liquidation Distribution before any reduction or abatement; and
  - (B) the amount (before any reduction or abatement) of the full liquidation distribution on any Parity Obligation.

<b>“SGX-ST”</b>	means Singapore Exchange Securities Trading Limited.
<b>“Sub-Account Holder”</b>	means a holder of an account maintained with a Depository Agent.
<b>“Subsidiary”</b>	A subsidiary of the Company for the time being as defined in Section 5 of the Act.
<b>“Singapore Dollars”</b>	means the lawful currency for the time being of the Republic of Singapore.
<b>“Taxes”</b>	has the meaning ascribed to it in Article 8(C)(6).
<b>“Tax Event”</b>	means that as a result of: <ul style="list-style-type: none"><li>(i) any change in, or amendment to, any law or regulation of Singapore or any political subdivision or any authority thereof or therein having power to tax; or</li><li>(ii) any change in the general application or official interpretation of any law or regulation by any relevant body in Singapore,</li></ul>

in each case after the Issue Date, payments to Class A Cumulative Preference Shareholders with respect to the Class A Cumulative Preference Shares would be subject to deduction or withholding for or on account of tax or would give rise to any obligation of the Company to account for any tax in Singapore, and such obligation cannot be avoided by the Company taking reasonable measures available to it.

In this Article 8(C):

- (i) undefined terms shall bear the same meanings ascribed to them in Article 2 of these presents;
- (ii) words importing the singular number include the plural number and *vice versa*;
- (iii) words importing the masculine gender include the feminine gender and *vice versa*;
- (iv) “written” and “in writing” include all modes of representing or reproducing words in visible form;

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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- (v) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (vi) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
- (vii) headings are inserted for reference only and shall be ignored in construing this Article 8(C).

### 2. Dividends

- (i) **Cumulative Preferential Dividends.** Subject to Articles 8(C)(2)(iii), 8(C)(2)(v) and 8(C)(2)(vi) below, the Class A Cumulative Preference Shares shall entitle the Class A Cumulative Preference Shareholder thereof to receive Dividends on the Liquidation Preference thereof calculated on the basis set out in Article 8(C)(2)(ii) below. Dividends shall be payable semi-annually in arrears on each Dividend Date in each year and to the extent that the Dividend or any part thereof is not paid on a Dividend Date, it shall continue to accumulate (whether or not there are any Distributable Reserves) and payment shall be subject to the Board’s discretion as set out in Article 8(C)(2)(iii). Notwithstanding the foregoing, upon the Company’s redemption of any Class A Cumulative Preference Shares pursuant to Article 8(C)(4)(ii), 8(C)(4)(iii) and/or 8(C)(4)(iv), any Dividend or any part thereof that is not paid, in respect of any period prior to the Optional Redemption Date or the Early Redemption Date (as the case may be) (“**Cumulative Unpaid Dividends**”) shall be deemed to have been declared and payable on such Optional Redemption Date or the Early Redemption Date (as the case may be).
- (ii) **Fixed Dividend Rate.** Each Class A Cumulative Preference Share in issue shall, subject to Article 8(C)(2)(i) above, entitle the Class A Cumulative Preference Shareholder thereof to receive for each Dividend Period Dividends (when, as and if declared by the Board) payable in Singapore Dollars at a fixed rate per annum on the Liquidation Preference thereof to be prescribed by the Board prior to the allotment and issuance of the Class A Cumulative Preference Shares, calculated on the basis of the Day Count Fraction.
- (iii) **Dividends at Board’s Discretion.** Any decision regarding the declaration or payment of any Dividend shall be at the sole and absolute discretion of the Board. Nothing herein contained shall impose on the Board any requirement or duty to resolve to distribute, declare or pay in respect of any fiscal year or period the whole or any part of the profits of the Company available for distribution. No Dividend or any part thereof shall become “due” or “payable” on any Dividend Date for the purposes of this Article 8(C) unless the Board has declared or resolved to distribute such Dividend or part thereof with respect to that Dividend Date.
- (iv) **Ranking.** The Class A Cumulative Preference Shares shall rank as regards participation in profits *pari passu* with all other shares in the capital of the Company to the extent that they are expressed to rank *pari passu* therewith and in priority to the Company’s ordinary shares. The Company may from time to time and at any time create or issue any other shares ranking, as to participation in the profits or the assets of the Company, *pari passu* with or junior to:
  - (a) the Class A Cumulative Preference Shares; or
  - (b) any other Parity Obligations,

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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in each case without the prior approval of the Class A Cumulative Preference Shareholders and the holders of all other Parity Obligations and the creation or issue by the Company of such shares (regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable) shall be deemed not to constitute a variation of the rights attached to the Class A Cumulative Preference Shares.

The Company shall not create or issue any other shares ranking, as to participation in the profits or the assets of the Company, senior or in priority to:

- (a) the Class A Cumulative Preference Shares; or
- (b) any other Parity Obligations,

unless approved by the Class A Cumulative Preference Shareholders and the holders of all other Parity Obligations, acting as a single class in accordance with Article 8(C)(5) below.

The Class A Cumulative Preference Shares shall rank, as to participation in the profits or the assets of the Company, *pari passu* with the Class B Non-Cumulative Preference Shares.

- (v) **Dividend Restrictions.** Dividends may only be declared and paid out of Distributable Reserves. Notwithstanding that the Board may have declared or resolved to distribute any Dividend on any Dividend Date or that resources are legally available to declare and pay Dividends, the Company shall not, save to the extent provided in Article 8(C)(2)(vii) and subject to Article 8(C)(2)(vi) below, be obliged to pay, and shall not pay, any Dividend on that Dividend Date (and such Dividend shall not be considered to be “due” or “payable” for the purposes of this Article 8(C)) if the aggregate of:
  - (a) the amount of such Dividend (if paid in full); and
  - (b) the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Company’s then-current fiscal year on the Class A Cumulative Preference Shares or Parity Obligations,

would exceed the Distributable Reserves as at the relevant Distributable Reserves Determination Date.

- (vi) **Dividend Limitation Notice.** Without prejudice to the discretion of the Board under Article 8(C)(2)(iii) above, if the Company does not propose or intend to pay and will not pay its next normal dividend (whether interim or final) on its ordinary shares, the Company may give, on or before the relevant Distributable Reserves Determination Date, a notice (“**Dividend Limitation Notice**”) to the Registrar and the Class A Cumulative Preference Shareholders that the Company will pay no Dividends or less than full Dividends on such Dividend Date, in which case no Dividends or less than full Dividends as set out in the Dividend Limitation Notice shall become due and payable on such Dividend Date. The Dividend Limitation Notice shall include, if applicable and appropriate, a statement to the effect that the Company does not propose or intend to pay and will not pay its next normal dividend (whether interim or final) on its ordinary shares and identify the specific dividend on the ordinary shares that will not be paid.

Each Dividend Limitation Notice shall be given in writing by mail to each Class A Cumulative Preference Shareholder except that where the Class A Cumulative Preference Shares are listed on one or more stock exchanges, the Company may, in lieu of giving notice in writing by mail to such shareholder, determine to publish such notice on such stock exchange(s). So long as the Class A Cumulative Preference Shares are listed on one or more stock

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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exchanges, notices shall also be published in such manner as the rules of such stock exchange(s) may require. In addition, for so long as the Class A Cumulative Preference Shares are listed on the SGX-ST and the rules of the SGX-ST so require, each Dividend Limitation Notice shall be published in accordance with Article 8(C)(9)(ii) below.

- (vii) **Pro Rata Dividend Payment.** If, whether by reason of any of the provisions of Article 8(C)(2)(v) or 8(C)(2)(vi) above or the terms of a Parity Obligation, on the relevant Dividend Date, a Dividend is not paid in full (when, as and if declared by the Board) or dividends or other distributions are not paid in full on any Parity Obligations, but on such Dividend Date there are Distributable Reserves, then each Class A Cumulative Preference Shareholder shall be entitled to receive the Relevant Proportion of any such Dividend.

As in Article 8(C)(2)(i) above, Dividends shall be payable semi-annually in arrears on each Dividend Date in each year and to the extent that the Dividend or any part thereof is not paid on a Dividend Date, it shall continue to accumulate (whether or not there are any Distributable Reserves) and payment shall be subject to the Board's discretion as set out in Article 8(C)(2)(iii). Notwithstanding the foregoing, upon the Company's redemption of any Class A Cumulative Preference Shares pursuant to Article 8(C)(4)(ii), 8(C)(4)(iii) and/or 8(C)(4)(iv), any Cumulative Unpaid Dividends shall be payable on such Optional Redemption Date or Early Redemption Date (as the case may be).

- (viii) **Payments; No Further Rights to Participate in Profits.** Payments of Dividends shall, if due and payable under this Article 8(C), be made to the Class A Cumulative Preference Shareholders on the Register at any date selected by the Board not less than six market days prior to the relevant Dividend Date. Save as set out in this Article 8(C), the Class A Cumulative Preference Shares shall not confer any right or claim as regards participation in the profits of the Company.
- (ix) **Dividend Stopper.** In the event any Dividend is not paid in full (whether or not declared by the Board) for any reason on any Dividend Date, the Company shall not:
- (a) declare or pay any dividends or other distributions in respect of, or (if permitted) repurchase or redeem, its ordinary shares or any other security or obligation of the Company ranking junior to the Class A Cumulative Preference Shares (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of, or for the redemption of, any such shares, securities or obligations); or
  - (b) (if permitted) repurchase or redeem, any Parity Obligation which are securities (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of, or for the redemption of, any such Parity Obligation),

in each case until the Company has paid all accumulated but unpaid Dividends in full from the Issue Date (or an amount equivalent to the accumulated but unpaid Dividends to be paid from the Issue Date (the "**Full Dividends**") has been irrevocably set aside in a separately designated trust account for payment to the Class A Cumulative Preference Shareholders (except that such amount to be set aside shall be reduced by the Full Dividends which have been paid, if any)).

- (x) **Prescription.** Any Dividends, Redemption Price, Liquidation Distribution or any other amount in respect of the Class A Cumulative Preference Shares unclaimed for six years after the relevant date of declaration shall be forfeited and revert to the Company and after such forfeiture no Class A Cumulative Preference Shareholder or other person shall have any right to or claim in respect of any such payments. No Dividends or other moneys payable on or in respect of a Class A Cumulative Preference Share shall bear interest against the Company.

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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### 3. Liquidation Distributions

- (i) **Rights Upon Liquidation.** In the event of the commencement of any dissolution or winding up of the Company (other than pursuant to a Permitted Reorganisation) before any redemption of the Class A Cumulative Preference Shares, the Class A Cumulative Preference Shares shall rank:
- (a) junior to all other creditors (including the holders of subordinated debt) of the Company;
  - (b) *pari passu* with all Parity Obligations of the Company (including without limitation the Class B Non-Cumulative Preference Shares); and
  - (c) senior to the holders of the Company's ordinary shares and any other securities or obligations of the Company that are subordinated to the Class A Cumulative Preference Shares.

On such a dissolution or winding up, each Class A Cumulative Preference Share shall be entitled to receive in Singapore Dollars an amount equal to the Liquidation Distribution.

- (ii) **Pro Rata Liquidation Distribution.** If, upon any such dissolution or winding up, the amounts available for payment are insufficient to cover the Liquidation Distribution and any liquidation distributions of any Parity Obligation, but there are funds available for payment so as to allow payment of part of the Liquidation Distribution, then each Class A Cumulative Preference Shareholder shall be entitled to receive the Relevant Proportion of the Liquidation Distribution.
- (iii) **No Further Rights to Participate in Assets.** After payment of the Liquidation Distribution (or the Relevant Proportion thereof), Class A Cumulative Preference Shareholders will have no further right or claim to any of the remaining assets of the Company. Save as set out in this Article 8(C), the Class A Cumulative Preference Shares shall not confer any right or claim as regards participation in the assets of the Company.

### 4. Redemption

- (i) **No Redemption at Class A Cumulative Preference Shareholders' Option.** No Person has a right to, or may, require the Company to redeem any Class A Cumulative Preference Share of which such Person is the Class A Cumulative Preference Shareholder.
- (ii) **Optional Redemption.** Subject to satisfaction of the Redemption Conditions and applicable law, the Class A Cumulative Preference Shares may be redeemed, at the option of the Company and on such basis and for such reason as the Company may determine to be appropriate, in whole or in part, on any Optional Redemption Date at the Redemption Price upon not less than 30 nor more than 60 days' notice to the Class A Cumulative Preference Shareholders in accordance with Article 8(C)(9) below (which notice shall be irrevocable), specifying:
- (a) the Optional Redemption Date; and
  - (b) the Redemption Price.

On the Optional Redemption Date specified in such notice, the Company shall be bound to redeem the Class A Cumulative Preference Shares by payment of the Redemption Price, at all times in accordance with and subject to the Act and the rules of the Designated Stock Exchange.



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**APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX  
RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES**

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(iii) **Tax Redemption.** If at any time a Tax Event has occurred and is continuing, then subject to satisfaction of the Redemption Conditions, applicable law and the last paragraph of this Article 8(C)(4)(iii), the Class A Cumulative Preference Shares may be redeemed, at the option of the Company, in whole or in part, on any Early Redemption Date at the Redemption Price upon not less than 30 nor more than 60 days' notice to the Class A Cumulative Preference Shareholders in accordance with Article 8(C)(9) below (which notice shall be irrevocable) specifying:

- (a) the Early Redemption Date; and
- (b) the Redemption Price.

Prior to the publication of any notice of redemption pursuant to the foregoing, the Company shall deliver to the Registrar:

- (a) a certificate signed by two Directors of the Company stating that the Company is entitled to effect such redemption; and
- (b) an opinion of counsel or advisor to the Company experienced in such matters to the effect that a Tax Event has occurred. The delivery of such opinion shall constitute conclusive evidence of the occurrence of a "**Tax Event**" for all purposes of this Article 8(C).

On the Early Redemption Date specified in such notice, the Company shall be bound to redeem the Class A Cumulative Preference Shares by payment of the Redemption Price, at all times in accordance with and subject to the Act and the rules of the Designated Stock Exchange.

If there is available to the Company the opportunity to eliminate the Tax Event by pursuing some reasonable measure that will not have an adverse effect on the Company or the Class A Cumulative Preference Shareholders and will not involve any material cost to the Company or the Class A Cumulative Preference Shareholders, the Company will pursue that measure in lieu of redemption.

(iv) **Accounting Redemption.** If at any time an Accounting Event has occurred and is continuing, then subject to satisfaction of the Redemption Conditions, applicable law and the last paragraph of this Article 8(C)(4)(iv), the Class A Cumulative Preference Shares may be redeemed, at the option of the Company, in whole or in part, on any Early Redemption Date at the Redemption Price upon not less than 30 nor more than 60 days' notice to the Class A Cumulative Preference Shareholders in accordance with Article 8(C)(9) below (which notice shall be irrevocable) specifying:

- (a) the Early Redemption Date; and
- (b) the Redemption Price.

Prior to the publication of any notice of redemption pursuant to the foregoing, the Company shall deliver to the Registrar:

- (a) a certificate signed by two Directors of the Company stating that the Company is entitled to effect such redemption; and
- (b) an opinion of counsel or advisor to the Company experienced in such matters to the effect that an Accounting Event has occurred. The delivery of such opinion shall constitute conclusive evidence of the occurrence of an "**Accounting Event**" for all purposes of this Article 8(C).

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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On the Early Redemption Date specified in such notice, the Company shall be bound to redeem the Class A Cumulative Preference Shares by payment of the Redemption Price, at all times in accordance with and subject to the Act and the rules of the Designated Stock Exchange.

If there is available to the Company the opportunity to eliminate the Accounting Event by pursuing some reasonable measure that will not have an adverse effect on the Company or the Class A Cumulative Preference Shareholders and will not involve any material cost to the Company or the Class A Cumulative Preference Shareholders, the Company will pursue that measure in lieu of redemption.

- (v) **Redemption Notice.** Once a notice to redeem the Class A Cumulative Preference Shares has been given under any of Article 8(C)(4)(ii), 8(C)(4)(iii) or 8(C)(4)(iv), no similar notice may be given under either of the other such Articles. If at any time the Class A Cumulative Preference Shares may be redeemed under more than one such Article, the Company may elect under which Article the notice of redemption is to be given.
- (vi) **Payments.** Payments in respect of the amount due on redemption of a Class A Cumulative Preference Share shall be made by cheque or such other method as the Board may specify in the relevant redemption notice not later than the date specified for the purpose therein. Payment shall be made against presentation and surrender of the share certificate of the relevant Class A Cumulative Preference Shares (if any) at the place or one of the places specified in the relevant redemption notice.
- (vii) **Discharge.** A receipt given by the Class A Cumulative Preference Shareholder for the time being (or in the case of joint Class A Cumulative Preference Shareholders by the first-named joint Class A Cumulative Preference Shareholder) in respect of the amount payable on redemption of the Class A Cumulative Preference Share shall constitute an absolute discharge to the Company.
- (viii) **Accrued Dividends.** For the avoidance of doubt, any redemption of the Class A Cumulative Preference Shares pursuant to this Article 8(C)(4) shall not prejudice the rights of Class A Cumulative Preference Shareholders whose Class A Cumulative Preference Shares were so redeemed to receive any accrued but unpaid Dividends payable on the Redemption Date.

### 5. Voting

- (i) **General.** Except as provided in this Article 8(C)(5), Class A Cumulative Preference Shareholders shall not be entitled to attend and vote at General Meetings.
- (ii) **Class Meetings.** Class A Cumulative Preference Shareholders shall be entitled to attend class meetings of Class A Cumulative Preference Shareholders. Every Class A Cumulative Preference Shareholder who is present in person at such class meetings shall have on a show of hands one vote and on a poll one vote for every Class A Cumulative Preference Share of which he is the Class A Cumulative Preference Shareholder. Notice of such class meetings shall be given in accordance with the procedures in respect of notice of General Meetings as set out in these presents.
- (iii) **General Meetings.** Class A Cumulative Preference Shareholders have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending General Meetings. If:
  - (a) General Meetings are convened for the purpose of reducing the capital of the Company;
  - (b) General Meetings are convened for the purpose of winding up of the Company;

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**APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX  
RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES**

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- (c) General Meetings are convened for the purpose of sanctioning a sale of the whole or substantially the whole of the undertaking of the Company;
- (d) General Meetings are convened where the proposal to be submitted to the meetings directly affects their rights and privileges as Class A Cumulative Preference Shareholders; or
- (e) Dividends (when, as and if declared by the Board) in respect of such number of consecutive Dividend Periods as shall be equal to or exceed 12 months have not been paid in full when due and payable,

then Class A Cumulative Preference Shareholders shall have the right to receive notice of, attend, speak and vote at such General Meetings, and in relation to paragraph (e), such right shall continue until after the next following Dividend Date on which a Dividend is paid in full (or an amount equivalent to the Dividend to be paid in respect of the next Dividend Period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class A Cumulative Preference Shareholders). Every Class A Cumulative Preference Shareholder who is present in person at such General Meetings shall have on a show of hands one vote and on a poll one vote for every Class A Cumulative Preference Share of which he is the Class A Cumulative Preference Shareholder.

6. Taxation

All payments on the Class A Cumulative Preference Shares will be made free and clear by the Company without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by or on behalf of Singapore or any authority thereof or therein having power to tax ("**Taxes**"), unless such deduction or withholding of such Taxes is required by Law.

In the event that any such withholding or deduction in respect of any payment on the Class A Cumulative Preference Shares is required by Law, the Company will pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Class A Cumulative Preference Shareholders of the amounts which would otherwise have been receivable in respect of such payment on the Class A Cumulative Preference Shares in the absence of such withholding or deduction, provided that no such Additional Amounts shall be payable in respect of any of the Class A Cumulative Preference Shares:

- (i) to or on behalf of a Class A Cumulative Preference Shareholder or beneficial owner with respect to Class A Cumulative Preference Shares which is:
  - (a) treated as a resident of Singapore or a permanent establishment in Singapore for tax purposes; or
  - (b) who is liable for such taxes, duties, assessments or governmental charges in respect of the Class A Cumulative Preference Shares by reason of his or its being connected with Singapore other than by reason only of the holding of any of the Class A Cumulative Preference Shares; and
- (ii) to the extent that such Taxes would not have been required to be deducted or withheld but for the failure to comply by the Class A Cumulative Preference Shareholder or beneficial owner with respect to the Class A Cumulative Preference Shares with a request of the Company addressed to such Class A Cumulative Preference Shareholder or beneficial owner to make any declaration of non-residence or other similar claim, which is required or imposed by a statute, treaty or administrative practice of Singapore, as the case may be, as a pre-condition to exemption from all or part of such Taxes.

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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### 7. Variations of Rights and Further Issues

Unless otherwise required by applicable law and notwithstanding any other provision of these presents, any variation or abrogation of the rights, preferences and privileges of the Class A Cumulative Preference Shares by way of amendment of these presents or otherwise (including, without limitation, the authorisation or creation of any shares in the capital of the Company ranking, as to participation in the profits or assets of the Company, senior to the Class A Cumulative Preference Shares) shall require:

- (i) the consent in writing of the holders of at least 75% of the outstanding Class A Cumulative Preference Shares; or
- (ii) the sanction of a special resolution passed at a separate class meeting of the Class A Cumulative Preference Shareholders (the quorum at such class meeting to be such number of Class A Cumulative Preference Shareholders holding or representing not less than two-thirds of the outstanding Class A Cumulative Preference Shares), provided that:
  - (a) no such consent or sanction shall be required if the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity (but such change shall not reduce the amounts payable to Class A Cumulative Preference Shareholders, impose any material obligation on Class A Cumulative Preference Shareholders or materially adversely affect their voting rights);
  - (b) no such consent or sanction shall be required for the creation or issue of further shares ranking *pari passu* with or junior to the Class A Cumulative Preference Shares (the creation or issue of such other shares, regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable, shall not be deemed to be a variation or abrogation of the rights, preferences and privileges of the Class A Cumulative Preference Shares); and
  - (c) no such consent or sanction shall be required for the redemption, purchase or cancellation of the Class A Cumulative Preference Shares in accordance with this Article 8(C).

The Company shall cause a notice of any meeting at which any Class A Cumulative Preference Shareholder is entitled to vote, and any voting forms, to be mailed to each Class A Cumulative Preference Shareholder in accordance with Article 8(C)(9) below. Each such notice shall include a statement setting forth (1) the date, time and place of such meeting, (2) a description of any resolution to be proposed for adoption at such meeting on which such shareholders are entitled to vote and (3) instructions for the delivery of proxies.

### 8. Transfer of Class A Cumulative Preference Shares

An instrument of transfer of a share which is in certificated form must be in writing in any usual form or other form approved by the Board and must be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor shall remain the holder of the shares transferred until the name of the transferee is entered in the register of members of the Company in respect thereof.

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## APPENDIX B – EXTRACTS FROM ARTICLES OF ASSOCIATION OF HYFLUX RELATING TO THE CLASS A CUMULATIVE PREFERENCE SHARES

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The Board may, in the case of transfers of Class A Cumulative Preference Shares in certificated form, at their absolute discretion and without assigning any reason therefor, refuse to register:

- (i) any transfer of a Class A Cumulative Preference Share (not being a fully paid Class A Cumulative Preference Share); *provided that* where any Class A Cumulative Preference Share is listed on the SGX-ST or any other stock exchange or quotation system, such discretion may not be exercised in such a way as to prevent dealings in the Class A Cumulative Preference Shares from taking place on an open and proper basis; and
- (ii) any transfer of a Class A Cumulative Preference Share on which the Company has a lien.

The Board may also decline to register a transfer unless the instrument of transfer is duly stamped (if so required).

The Class A Cumulative Preference Shares are in registered form. The registration of share transfers may be suspended at such times and for such periods as the Board may determine not exceeding 30 days in any year.

### 9. Notices or Other Documents

- (i) **Delivery of Notice.** Any notice or other document may be served by the Company upon any Class A Cumulative Preference Shareholder in the manner provided in these presents. Any such notice or document shall be deemed to be served and delivered in accordance with these presents. An announcement via SGXNet will be made by the Company if a meeting of Class A Cumulative Preference Shareholders is convened pursuant to these presents.
- (ii) **Newspaper Publication.** For so long as the Class A Cumulative Preference Shares are listed on the SGX-ST and the SGX-ST so requires, notice shall also be published in a leading English language daily newspaper having general circulation in Singapore.

### 10. Others

In the event of any conflict or inconsistency between the provisions of this Article 8(C) and the other provisions of these presents, the provisions of this Article 8(C) shall prevail.

**APPENDIX C – AUDITED CONSOLIDATED INCOME STATEMENTS  
OF THE GROUP FOR FY2008, FY2009 AND FY2010**

	FY2010	FY2009	FY2008
	S\$'000	S\$'000	S\$'000
<b>Revenue</b>	569,737	524,814	554,224
Other income	6,855	6,707	5,264
Changes in inventories of finished goods and work-in-progress	2,641	1,332	3,710
Raw materials and consumables and subcontractors' cost	(302,961)	(309,371)	(387,767)
Staff Costs	(65,408)	(59,428)	(52,606)
Depreciation, amortisation and impairment	(27,501)	(16,521)	(9,718)
Other expenses	(68,089)	(57,936)	(31,110)
Finance costs	(16,760)	(9,259)	(10,222)
Share of profit/(loss) of associates	1,959	2,634	(1,400)
<b>Profit before income tax</b>	<b>100,473</b>	<b>82,972</b>	<b>70,375</b>
Income tax expense	(11,588)	(8,681)	(8,157)
<b>Profit after income tax</b>	<b>88,885</b>	<b>74,291</b>	<b>62,218</b>
<b>Attributable to:</b>			
Owners of the Company	88,510	75,036	59,036
Non-controlling interests	375	(745)	3,182
	<b>88,885</b>	<b>74,291</b>	<b>62,218</b>

**APPENDIX D – AUDITED CONSOLIDATED BALANCE SHEET  
OF THE GROUP AS AT 31 DECEMBER 2010**

	<b>S\$'000</b>
<b><u>NON-CURRENT ASSETS</u></b>	
Property, plant and equipment	155,826
Intangible assets	62,075
Intangible assets arising from service concession arrangements	129,494
Investment in associates	75,032
Financial receivables	226,149
Trade and other receivables	15,816
Deferred tax assets	1,616
<b>Total non-current assets</b>	<b>666,008</b>
<b><u>CURRENT ASSETS</u></b>	
Gross amounts due for contract work	254,469
Inventories	26,261
Trade and other receivables, including derivatives	182,398
Financial receivables	5,851
Cash and cash equivalents	222,286
Other Investments	2,429
<b>Total current assets</b>	<b>693,694</b>
<b><u>CURRENT LIABILITIES</u></b>	
Trade and other payables	210,038
Loans and borrowings	95,660
Tax payable	10,251
<b>Total current liabilities</b>	<b>315,949</b>
<b>Net current assets</b>	<b>377,745</b>
<b><u>NON-CURRENT LIABILITIES</u></b>	
Loans and borrowings	503,606
Deferred tax liabilities	25,640
<b>Total non-current liabilities</b>	<b>529,246</b>
<b>Net assets</b>	<b>514,507</b>
<b><u>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</u></b>	
Share capital	207,474
Reserve for own shares	(1,292)
Capital reserve	4,752
Foreign currency translation reserve	(14,637)
Hedging reserve	(3,560)
Employees' share option reserve	18,609
Retained earnings	291,155
Total equity attributable to equity holders of the Company	<b>502,501</b>
Non-controlling interests	12,006
<b>Total equity</b>	<b>514,507</b>

**APPENDIX E – AUDITED CONSOLIDATED CASH FLOW STATEMENT  
OF THE GROUP FOR FY2010**

	<b>\$'000</b>
<b>Cash flows from operating activities</b>	
Profit before income tax	100,473
Adjustments for:	
Employees' share option expense	1,829
Fair value (gain)/loss on derivative financial instruments	(754)
Gain on sale of investment property	(1,186)
Remeasurement to fair value of an associate to joint venture	(22,787)
Loss on sale of property, plant and equipment	380
Share of profit of associates, net of income tax	(1,959)
Depreciation, amortisation and impairment	27,501
Finance costs	16,760
Interest income	(3,125)
Impairment of trade and other receivables	1,526
Impairment of investments	264
Allowance for inventory obsolescence	1,412
	120,334
Change in inventories	4,840
Change in gross amounts due for contract work	(134,475)
Change in trade and other receivables	10,154
Change in financial receivables	7,142
Change in intangible assets arising from service concession arrangements	4,291
Change in trade and other payables	(53,448)
Cash generated from operating activities	(41,162)
Income tax paid	(8,305)
<b>Net cash (used in)/from operating activities</b>	<b>(49,467)</b>
<b>Cash flows from investing activities</b>	
Acquisition of property, plant and equipment	(28,111)
Acquisition of intangible assets	(12,858)
Acquisition of non-controlling interests	(20,491)
Acquisition of a subsidiary by a joint venture, net of cash acquired	(27,212)
Investment in available-for-sale money market instruments	(2,429)
Additional investment in an associate	(23,691)
Proceeds from sale of investment property	3,237
Proceeds from sale of property, plant and equipment	937
Dividends received from associates	10,179
Change in amounts due from related parties (non-trade)	1,955
Interest received	2,760
<b>Net cash used in investing activities</b>	<b>(95,724)</b>
<b>Cash flows from financing activities</b>	
Proceeds from exercise of share options and warrants	102,360
Proceeds from borrowings	383,447
Repayment of borrowings	(221,832)
Payment of finance lease liabilities	(73)
Interest paid	(16,297)
Dividends paid to equity holders of the Company	(34,222)
Increase in deposits pledged	(204)
<b>Net cash from financing activities</b>	<b>213,179</b>
<b>Net increase in cash and cash equivalents</b>	67,988
Cash and cash equivalents at 1 January	166,735
Effect of exchange rate fluctuations on cash held	(12,641)
<b>Cash and cash equivalents at 31 December</b>	<b>222,082</b>



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## APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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Applications are invited for the subscription of the Class A Cumulative Preference Shares at the Issue Price on the terms and conditions set out below.

Investors applying for the Class A Cumulative Preference Shares by way of Electronic Applications are required to pay S\$100 for each Class A Cumulative Preference Share applied for, subject to the minimum application amount described below and to a refund of the full amount or, as the case may be, the balance of the application moneys (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against the Issuer and the Sole Lead Manager and Bookrunner) (i) where the application is invalid or unsuccessful, or is rejected or accepted in part only, or (ii) if the Offer does not proceed for any reason.

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 10 CLASS A CUMULATIVE PREFERENCE SHARES OR HIGHER INTEGRAL MULTIPLES THEREOF. APPLICATIONS FOR ANY OTHER NUMBER OF CLASS A CUMULATIVE PREFERENCE SHARES WILL BE REJECTED. AN APPLICATION FOR THE PUBLIC OFFER PREFERENCE SHARES IS SUBJECT TO A MINIMUM OF 100 CLASS A CUMULATIVE PREFERENCE SHARES.**
2. Your application for the Public Offer Preference Shares must be made by way of Electronic Applications through ATMs belonging to each of the Participating Banks (being DBS Bank (including POSB), OCBC Bank and the UOB Group) or the IB websites of the relevant Participating Banks (being DBS Bank and the UOB Group) at <http://www.dbs.com> and <http://www.uobgroup.com> respectively. YOU MAY USE UP TO 35% OF YOUR CPF FUNDS TO APPLY FOR THE PUBLIC OFFER PREFERENCE SHARES.

Approval has been obtained from the CPF Board for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the purchase of the Public Offer Preference Shares. You may also use up to 35% of your CPF Funds to fund the purchase of the Class A Cumulative Preference Shares in the secondary market. If you are using CPF Funds to apply for the Public Offer Preference Shares, you must have a CPF Investment Account maintained with the relevant CPF approved bank (which includes the Participating Banks). You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF Investment Account. Investors may apply for the Public Offer Preference Shares using a combination of cash and CPF Funds, provided that investors applying for only 100 Public Offer Preference Shares can use either cash only or CPF Funds only, but not a combination of both. Thereafter, the amount of cash or CPF Funds used must be for 10 Public Offer Preference Shares or higher integral multiples thereof. The use of CPF Funds to apply for the Public Offer Preference Shares is further subject to the terms and conditions set out in the section entitled “Terms and Conditions for Use of CPF Funds” on page 93 of this Offer Information Statement.

Investors who wish to subscribe for the Public Offer Preference Shares must make an application for the Public Offer Preference Shares by way of Electronic Applications from 9.00 a.m. on 14 April 2011 to 12.00 noon on 20 April 2011. The Issuer may, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, change the time(s) and/or date(s) stated above at its discretion, subject to all applicable laws and regulations. In particular, the Issuer will, if so agreed with the Sole Lead Manager and Bookrunner, have the discretion to close the Public Offer, the Reserve Offer, if any, and/or the Placement, if any, early. In such an event, the Issuer will publicly announce the same through a SGXNET announcement to be posted on the SGX-ST's website at <http://www.sgx.com>. The Placement Preference Shares will only be made available to institutional and other investors directly through the Sole Lead Manager and Bookrunner.

3. Applications for the Placement Preference Shares, if applicable, must be made directly through the Sole Lead Manager and Bookrunner, who will determine at its discretion the manner and method for applications under the Placement (“**Placement Application**”).

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## APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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4. Should you be eligible, your application for the Reserved Preference Shares, if applicable, must be made directly through the Issuer, who will determine at its sole discretion, the manner and method for applications under the Reserve Offer (“**Reserve Offer Application**”).
5. **Only one application may be made for the benefit of one person for the Public Offer Preference Shares in his own name. Multiple applications for the Public Offer Preference Shares will be rejected.**

**You may not submit multiple applications for the Public Offer Preference Shares via an ATM Electronic Application or an Internet Electronic Application. For example, a person who submits an application for the Public Offer Preference Shares by way of an ATM Electronic Application should not submit any other applications for the Public Offer Preference Shares by way of an Internet Electronic Application or *vice versa*. Such separate applications will be deemed to be multiple applications and shall be rejected.**

**Joint or multiple applications for the Public Offer Preference Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Preference Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and such applications may be referred to the relevant authorities for investigation.**

**Multiple applications may be made in the case of applications by any person for:**

- (i) **Placement Preference Shares, if any; or**
- (ii) **Placement Preference Shares, if any, and/or, if eligible, Reserved Preference Shares, if any,**

**together with a single application for the Public Offer Preference Shares.**

6. The Issuer will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and applicants whose addresses bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased’s name at the time of application.
7. The Issuer will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification.
8. **IF YOU ARE MAKING AN APPLICATION FOR THE PUBLIC OFFER PREFERENCE SHARES YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF APPLICATION. IF YOU DO NOT HAVE AN EXISTING SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF APPLICATION, YOU WILL NOT BE ABLE TO COMPLETE YOUR ELECTRONIC APPLICATION. IF YOU HAVE AN EXISTING SECURITIES ACCOUNT WITH CDP BUT FAIL TO PROVIDE YOUR CDP SECURITIES ACCOUNT NUMBER OR PROVIDE AN INCORRECT CDP SECURITIES ACCOUNT NUMBER IN YOUR ELECTRONIC APPLICATION, AS THE CASE MAY BE, YOUR APPLICATION IS LIABLE TO BE REJECTED.**
9. **THE ISSUER WILL ONLY ACCEPT NOMINEE APPLICATIONS FOR THE RESERVED PREFERENCE SHARES, IF ANY, AND THE PLACEMENT PREFERENCE SHARES, IF ANY, FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

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## APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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10. Your application is liable to be rejected if your particulars such as your name, National Registration Identity Card (“NRIC”) or passport number, nationality and permanent residence status, and CDP Securities Account number contained in the records of the relevant Participating Bank at the time of your Electronic Application or furnished in your Reserve Offer Application or Placement Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
11. **If your address contained in the records of the relevant Participating Bank is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**
12. The Issuer reserves the right to reject any applications for the Class A Cumulative Preference Shares or furnished in your Reserve Offer Application or Placement Application, as the case may be, where the Issuer believes or has reason to believe that such applications may violate the securities laws of any jurisdiction.
13. No person in any jurisdiction outside Singapore receiving this Offer Information Statement may treat the same as an offer or invitation to subscribe for any Class A Cumulative Preference Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.
14. This Offer Information Statement has not been and will not be registered in any jurisdiction other than the lodgment of this Offer Information Statement with the Authority in accordance with the requirements of the SFA. The distribution of this Offer Information Statement may be prohibited or restricted (either absolutely or unless various relevant requirements, whether legal, administrative or otherwise, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Offer Information Statement nor any copy thereto may be published or distributed, directly or indirectly, in whole or in part, in or into the United States and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Class A Cumulative Preference Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act. The Class A Cumulative Preference Shares are being offered and sold in offshore transactions (as defined in Regulation S) outside the United States in reliance on Regulation S. There will be no public offer of the Class A Cumulative Preference Shares in the United States. Any failure to comply with this restriction may constitute a violation of United States securities laws.
15. The Issuer reserves the right to reject any application which does not conform strictly to the instructions set out in this Offer Information Statement or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Information Statement or which is accompanied by an improperly drawn or improper form of remittance.
16. The Issuer and the Sole Lead Manager and Bookrunner reserve the right to reject or accept any application for the Class A Cumulative Preference Shares in whole or in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on their decision will be entertained. This right applies to all applications for the Class A Cumulative Preference Shares.
17. The Issuer and the Sole Lead Manager and Bookrunner further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in this Offer Information Statement and in the ATMs of each of the Participating

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## APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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Banks and the IB websites of the relevant Participating Banks, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Issuer, the Sole Lead Manager and Bookrunner, as agent of the Issuer, has been authorised to accept, for and on behalf of the Issuer, such other forms of application as the Sole Lead Manager and Bookrunner may deem appropriate.

18. The Class A Cumulative Preference Shares may be re-allocated between the Public Offer, the Reserve Offer, if any, and the Placement, if any, and the actual aggregate principal amount of Class A Cumulative Preference Shares to be allocated between the Public Offer, the Reserve Offer, if any, and the Placement, if any, will be finalised on or prior to the Issue Date.
19. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. Upon crediting of the Class A Cumulative Preference Shares to your Securities Account one market day before the Class A Cumulative Preference Shares are listed on the Main Board of the SGX-ST, it is expected that CDP will send to you, at your own risk, within three market days after the date on which the Class A Cumulative Preference Shares are credited, a notification letter stating the number of the Class A Cumulative Preference Shares credited to your Securities Account. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Issuer. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any documents required for the issue of the Class A Cumulative Preference Shares allotted to you. You consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, Securities Account number, CPF Investment Account number (if applicable) and application amount to the SGX-ST, CDP, the Issuer and the Sole Lead Manager and Bookrunner. This authorisation applies to applications made by way of Electronic Applications.
20. In the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or, in the case of an Internet Electronic Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen in accordance with the provisions herein or, in the case of an application under the Reserve Offer, if any, by submitting a Reserve Offer Application through the Issuer or, in the case of an application under the Placement, if any, by submitting a Placement Application through the Sole Lead Manager and Bookrunner, you:
  - (a) irrevocably agree and undertake to subscribe for the liquidation preference of Class A Cumulative Preference Shares specified in your application (or such smaller liquidation preference for which the application is accepted) at the Issue Price for each Class A Cumulative Preference Share and agree that you will accept such liquidation preference of Class A Cumulative Preference Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in, this Offer Information Statement and the Issuer’s Memorandum of Association and the Articles;
  - (b) agree that where new circumstances arise, or changes in the affairs of the Group occur after the date of this Offer Information Statement but prior to the issue of the Class A Cumulative Preference Shares, and are material, or are required to be disclosed by law and/or the rules of the SGX-ST, and the Issuer makes an announcement of the same to the SGX-ST, your application for the Class A Cumulative Preference Shares which was received by the Issuer prior to the release of such announcement will remain valid and irrevocable notwithstanding the release of such announcement. If a supplementary or replacement document is lodged, such supplementary or replacement document will set out the additional terms and conditions relating to applications for the Class A Cumulative Preference Shares and applications received by the Issuer prior to the lodgment of such supplementary or replacement document will be subject to such terms and conditions;

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- (c) agree that in the event of any inconsistency between the terms and conditions for application set out in this Offer Information Statement and those set out in the ATMs of the Participating Banks or the IB websites of the relevant Participating Banks, the terms and conditions set out in this Offer Information Statement shall prevail;
  - (d) in the case of an Electronic Application, agree that the aggregate Issue Price for the Class A Cumulative Preference Shares applied for is due and payable to the Issuer upon application;
  - (e) in the case of a Reserve Offer Application, if any, agree that the aggregate Issue Price for the Class A Cumulative Preference Shares applied for is due and payable to the Issuer at the time of application;
  - (f) in the case of a Placement Application, if any, agree that the aggregate Issue Price for the Class A Cumulative Preference Shares applied for is due and payable to the Issuer on or about the Issue Date, unless otherwise agreed by the Sole Lead Manager and Bookrunner;
  - (g) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Issuer and the Sole Lead Manager and Bookrunner in determining whether to accept your application and/or whether to allot any Class A Cumulative Preference Shares to you;
  - (h) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and the Issuer and the Sole Lead Manager and Bookrunner will not infringe any such laws as a result of the acceptance of your application;
  - (i) agree and confirm that you are outside the United States; and
  - (j) understand that the Class A Cumulative Preference Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Class A Cumulative Preference Shares in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
21. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Class A Cumulative Preference Shares allotted to you pursuant to your application, to the Issuer, the Sole Lead Manager and Bookrunner and/or any other parties so authorised by CDP, the Issuer and/or the Sole Lead Manager and Bookrunner.
22. No application will be held in reserve.
23. No Class A Cumulative Preference Shares shall be allotted on the basis of this Offer Information Statement later than six months after the date of lodgment of this Offer Information Statement with the Authority.
24. Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled “Additional Terms and Conditions for Electronic Applications” on pages 84 to 89 of this Offer Information Statement.
25. Any reference to “you” or the “applicant” in this section shall include an individual applying for the Public Offer Preference Shares by way of an Electronic Application or an individual, a corporation, an approved nominee company and trustee applying for the Placement Preference Shares, if any, or an eligible person applying for the Reserved Preference Shares, if any.

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### ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

- Price per unit : S\$100 per unit, representing S\$100 in liquidation preference of Class A Cumulative Preference Shares.
- Application Amount : In multiples of 10 units, subject to a minimum of 100 units.
- Application Period : 9.00 a.m. on 14 April 2011 to 12.00 noon on 20 April 2011 (or such other time(s) and date(s) as the Issuer may, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, decide).

The procedures for Electronic Applications are set out on the ATM screens of the Participating Banks (in the case of ATM Electronic Applications) and the IB website screens of DBS Bank and the UOB Group (in the case of Internet Electronic Applications). For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of DBS Bank (together, the “**Steps**”) are set out in the sections “Steps for ATM Electronic Applications through ATMs of DBS Bank (including POSB)” and “Steps for Internet Electronic Applications through the IB website of DBS Bank” appearing on pages 89 to 93 of this Offer Information Statement. Please read carefully the terms of this Offer Information Statement, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section entitled “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for the Class A Cumulative Preference Shares through an ATM of DBS Bank or the IB website of DBS Bank.

The Steps set out the actions that you must take at the ATMs of DBS Bank (including POSB) or the IB website of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs of the other Participating Banks are set out on the ATM screens of the relevant Participating Banks. The actions that you must take at the IB website of the UOB Group are set out on the IB website screen of the UOB Group. Applications for the Class A Cumulative Preference Shares by way of Electronic Applications will incur a non-refundable fee and/or such related charges as stipulated by the Participating Banks from time to time.

If you are making an ATM Electronic Application:

- (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an ATM Electronic Application at their ATMs. An ATM card issued by one Participating Bank cannot be used to apply for the Public Offer Preference Shares at an ATM belonging to another Participating Bank.
- (b) **You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name.** If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.
- (c) Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your ATM Electronic Application. The Transaction Record is for retention by you. No report or letter will be sent to you.

If you are making an Internet Electronic Application:

- (a) You must have an existing bank account with, and a User Identification (“**User ID**”) as well as a Personal Identification Number (“**PIN**”) given by, DBS Bank.

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- (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
- (c) Upon the completion of your Internet Electronic Application through the IB website of DBS Bank, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for retention by you. No report or letter will be sent to you.

If you do not have an existing Securities Account with CDP in your own name at the time of your application, you will not be able to complete your Electronic Application. If you have an existing Securities Account with CDP but fail to provide your Securities Account Number or provide an incorrect Securities Account number in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to the following paragraph, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number contained in the records of the relevant Participating Bank differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

Your Electronic Application shall be made on the terms and subject to the conditions of this Offer Information Statement including but not limited to the terms and conditions appearing below and those set out under the section entitled “Terms, Conditions and Procedures for Application and Acceptance” on pages 79 to 93 of this Offer Information Statement, as well as the Issuer’s Memorandum of Association and the Articles.

- 1. In connection with your Electronic Application for Public Offer Preference Shares, you are deemed to have confirmed statements to the following effect in the course of activating your Electronic Application:
  - (a) **that you have received a copy of this Offer Information Statement and have read, understood and agreed to all the terms and conditions of application for the Class A Cumulative Preference Shares in this Offer Information Statement prior to effecting the Electronic Application and agree to be bound by the same;**
  - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, Securities Account number, CPF Investment Account number (if applicable) and application amount (the “Relevant Particulars”) from your account with the relevant Participating Bank to CDP, the SGX-ST, the Issuer and the Sole Lead Manager and Bookrunner (the “Relevant Parties”); and**
  - (c) **that such Electronic Application made is your only application for Public Offer Preference Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 1(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or by clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act, Chapter 19 of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

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2. **By making an Electronic Application, you confirm that you are not applying for the Public Offer Preference Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as beneficial owner. You shall make only one Electronic Application for the Public Offer Preference Shares and shall not make any other application for the Public Offer Preference Shares whether at the ATMs of any Participating Bank or the IB websites of the relevant Participating Banks.**
3. You must have sufficient funds in your bank account with the relevant Participating Bank at the time you make your ATM Electronic Application or Internet Electronic Application, failing which such Electronic Application will not be completed. **Any ATM Electronic Application or Internet Electronic Application which does not conform strictly to the instructions set out in this Offer Information Statement or on the screens of the ATMs of the Participating Banks or on the IB websites of the relevant Participating Banks through which your ATM Electronic Application or Internet Electronic Application is being made shall be rejected.**
4. You may apply and make payment for your application for the Public Offer Preference Shares in Singapore currency in the following manner:
  - (a) Cash only — You may apply for the Public Offer Preference Shares through any ATM of the Participating Banks or IB websites of the relevant Participating Banks using only cash by authorising the Participating Bank to deduct the full amount payable from your bank account(s) with the Participating Bank.
  - (b) CPF Funds only — You may apply for the Public Offer Preference Shares through any ATM of the Participating Banks or IB websites of the relevant Participating Banks using only CPF Funds by authorising the Participating Bank to deduct the full amount payable from your CPF Investment Account with the Participating Bank. For additional terms and conditions governing the use of CPF Funds, please refer to page 93 of this Offer Information Statement.
  - (c) Cash and CPF Funds — You may apply for the Public Offer Preference Shares through any ATM of the Participating Banks using a combination of cash and CPF Funds, PROVIDED THAT if you apply for only 100 Public Offer Preference Shares, you can use either cash only or CPF Funds only, but not a combination of both. Thereafter, the amount of cash or CPF Funds used must be for 10 Public Offer Preference Shares or higher integral multiples thereof.

An application must comply with the requirements for applications by cash and/or by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application moneys will be used in respect of such applications before the CPF Funds are used.

5. You irrevocably agree and undertake to subscribe for and to accept the liquidation preference of Public Offer Preference Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser liquidation preference of Public Offer Preference Shares that may be allotted to you in respect of your Electronic Application. In the event that the Issuer decides to allot any lesser liquidation preference of such Public Offer Preference Shares or not to allot any Public Offer Preference Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or by clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the liquidation preference of Public Offer Preference Shares applied for shall signify and shall be treated as your acceptance of the liquidation preference of Public Offer Preference Shares that may be allotted to you and your agreement to be bound by the Issuer’s Memorandum of Association and the Articles.



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6. The Issuer will not keep any applications in reserve. Where your Electronic Application is invalid, unsuccessful or is rejected or accepted in part only, the full amount or, as the case may be, the balance of the application moneys will be returned in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within one market day after balloting.

**Responsibility for the timely refund of application moneys from unsuccessful or partially successful Electronic Applications lies with the respective Participating Banks. Therefore, you are strongly advised to consult the relevant Participating Bank as to the status of your Electronic Application and/or the refund of any moneys to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Preference Shares allotted to you, if any, before trading the Class A Cumulative Preference Shares on the Main Board of the SGX-ST. None of the SGX-ST, CDP, the Participating Banks, the Issuer or the Sole Lead Manager and Bookrunner assumes any responsibility for any loss that may be incurred as a result of your having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.**

7. If your ATM Electronic Application or Internet Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd.	1800 339 6666 (POSB)  1800 111 1111 (DBS Bank)	Internet Banking <a href="http://www.dbs.com">http://www.dbs.com</a> <sup>(1)</sup>	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited	1800 363 3333	Phone Banking / ATM / Internet Banking at <a href="http://www.ocbc.com">http://www.ocbc.com</a> <sup>(2)</sup>	24 hours a day	Evening of the balloting day
UOB Group	1800 222 2121	Phone Banking / ATM – “Other Transactions – IPO Enquiry” / Internet Banking <a href="http://www.uobgroup.com">http://www.uobgroup.com</a> <sup>(3)</sup>	24 hours a day	Evening of the balloting day

**Notes:**

- (1) If you have made an Internet Electronic Application through the IB website of DBS Bank, you may check the results of your application through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
- (2) If you have made your Electronic Application through the ATMs of OCBC Bank, you may check the results of your application through OCBC Bank ATMs, OCBC Bank Internet Banking or OCBC Phone Banking services.
- (3) If you have made your Electronic Application through the ATMs or the IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking services.

The results of the Offer will be announced by the Issuer through a SGXNET announcement on or about 25 April 2011.

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8. Electronic Applications shall close at 12.00 noon on 20 April 2011 or such other time and/or date as the Issuer may, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, decide. Subject to paragraph 10 below, all Internet Electronic Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.
9. You are deemed to have irrevocably requested and authorised the Issuer to:
  - (a) register the Public Offer Preference Shares allotted to you in the name of CDP for deposit into your Securities Account;
  - (b) send the relevant Class A Cumulative Preference Shares certificate(s) to CDP; and
  - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the full amount or, as the case may be, the balance of the application moneys in Singapore dollars, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within one market day after balloting.
10. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, the Issuer and/or the Sole Lead Manager and Bookrunner and if, in any such event, the Issuer, the Sole Lead Manager and Bookrunner and/or the relevant Participating Bank do not record or receive your Electronic Application, or data relating to your Electronic Application or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Issuer, the Sole Lead Manager and Bookrunner and/or the relevant Participating Bank for the Public Offer Preference Shares applied for or for any compensation, loss or damage.
11. The Issuer does not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name(s) and without qualification. The Issuer will reject any Electronic Application by any person acting as a nominee.
12. All particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.
13. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation and other correspondence from CDP will be sent to your last registered address with CDP.
14. By making and completing an Electronic Application, you are deemed to have agreed that:
  - (a) In consideration of the Issuer making available the Electronic Application facility through the ATMs of the Participating Banks or the IB websites of the relevant Participating Banks and agreeing to close the offer of the Class A Cumulative Preference Shares at 12.00 noon on 20 April 2011 or such other time and/or date as the Issuer may, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, decide, and by making and completing an Electronic Application:
    - (i) your Electronic Application is irrevocable; and

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- (ii) your Electronic Application, the acceptance by the Issuer and the contract resulting therefrom under the offer of the Class A Cumulative Preference Shares shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and
  - (iii) you represent and agree that you are not a U.S. person (as defined in Rule 902 of Regulations S) and you are outside the United States and purchasing the Class A Cumulative Preference Shares in an offshore transaction in accordance with Rule 903 of Regulation S;
- (b) none of the Issuer, the Sole Lead Manager and Bookrunner, the Participating Banks or CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
  - (c) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
  - (d) in making your application, reliance is placed solely on the information contained in this Offer Information Statement and that none of the Issuer, the Sole Lead Manager and Bookrunner or any other person involved in the offer of the Class A Cumulative Preference Shares shall have any liability for any information not so contained.

### Steps for ATM Electronic Applications through ATMs of DBS Bank (including POSB)

Step-by-step instructions for ATM Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an Electronic Application through the ATMs of DBS Bank or POSB are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum” respectively). Instructions for ATM Electronic Applications appearing on the ATM screens of the other Participating Banks may differ from those represented below.

- Step 1 : Insert your personal DBS Bank or POSB ATM Card.
- 2 : Enter your Personal Identification Number.
- 3 : Select “MORE SERVICES”.
- 4 : Select “LANGUAGE” (for customers using multi-language card).
- 5 : Select “ESA-IPO SHARE/SGS/INVESTMENTS”.
- 6 : Select “ELECTRONIC SECURITY APPLN (IPOS/BONDS/ST-NOTES/SECURITIES)”.
- 7 : Read and understand the following statements which will appear on the screen:
  - **(IN THE CASE OF A SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION**

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STATEMENT/DOCUMENT/PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER AND WHERE APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

(Press “ENTER” to continue)

- (IN THE CASE OF A SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

(Press “ENTER” to continue)

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/ DOCUMENT.

(PRESS “ENTER” to continue)

8 : Select “HYF\_PREF” to display details.

9 : Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT AND/OR NOTICE/CIRCULAR.
- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER AND APPLICATION DETAILS TO REGISTRARS OF SECURITIES OF THE ISSUER, SGX, SCCS, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).

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## APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
  - FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
  - THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
  - YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.
  - THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR. SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTTED/ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOTTED/ALLOCATED TO EARLIER APPLICANTS.
- 10 : Select your nationality.
- 11 : Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.
- 12 : Enter the number of securities you wish to apply for using cash.
- 13 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS Bank's records).
- 14 : Check the details of your securities application, your NRIC or passport number, CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.
- 15 : Remove the Transaction Record for your reference and retention only.

### **Steps for Internet Electronic Applications through the IB website of DBS Bank**

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

- Step 1 : Click on DBS Bank website (<http://www.dbs.com>).
- 2 : Login to Internet banking.
- 3 : Enter your User ID and PIN.
- 4 : Select "Electronic Security Application (ESA)".

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## APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- 5 : Click “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended)
- 6 : Select your country of residence and click “I confirm”.
- 7 : Click on “HYF\_PREF” and click the “Submit” button.
- 8 : Click on “Confirm” to confirm, *inter alia*:
- You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.
  - You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable) and application details to registrars of securities, SGX, SCCS, CDP, CPF Board, issuer/vendor(s) and the issue manager(s).
  - You are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”).
  - You understand that the securities mentioned herein have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, any “U.S. person” (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the U.S. Securities Act and applicable state security laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of United States securities laws.
  - This application is made in your own name and at your own risk.
  - For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities\* application, this is your only application at the selected tender price.
  - For FOREIGN CURRENCY\* securities, subject to the terms of the issue, please note the following:
    - The application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and at the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refunds credited in S\$ at the same exchange rate.
  - For 1<sup>ST</sup>-COME-1<sup>ST</sup>-SERVE securities\*, the number of securities applied for may be reduced, subject to availability at the point of application.

**Note:**

\*Not applicable to an Internet Electronic Application for the Public Offer Preference Shares.

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- 9 : Fill in the details for your securities application and click “Submit”.
- 10 : Check the details of your securities application, your NRIC or passport number and click “Confirm” to confirm your application.
- 11 : Print the Confirmation Screen (optional) for your reference and retention only.

### TERMS AND CONDITIONS FOR USE OF CPF FUNDS

1. If you are using CPF Funds to subscribe for the Public Offer Preference Shares, you must have a CPF Investment Account maintained with the relevant CPF approved bank at the time of your application. If you are applying for the Public Offer Preference Shares through an ATM of a Participating Bank, you must have an ATM card with the Participating Bank at the time of your application before you can use the ATMs of the Participating Banks to apply for the Public Offer Preference Shares. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as amended. Where your application for the Public Offer Preference Shares is unsuccessful or is rejected or accepted in part only, the full amount or, as the case may be, the balance of the application moneys, will be returned in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being credited to your CPF Investment Account maintained with the relevant CPF approved bank within one market day after balloting.
2. Investors applying for only 100 Public Offer Preference Shares can use either cash only or CPF Funds only, but not a combination of both. Thereafter, CPF Funds may be withdrawn for applications for the Public Offer Preference Shares in lots of 10 Class A Cumulative Preference Shares or higher integral multiples thereof.
3. Before you apply for the Public Offer Preference Shares using your CPF Funds, you must first make sure that you have sufficient available stock limits applicable to you and you have sufficient funds in your CPF Investment Account to pay for the Public Offer Preference Shares. You need not instruct the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the relevant CPF approved bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to submit your application through the Participating Bank in the case of an application by way of an Electronic Application. The automatic transfer facility is available until the close of the Offer within the operating hours of the facility which are between 8.00 a.m. and 10.00 p.m. from Mondays to Saturdays, and between 8.00 a.m. and 5.00 p.m. on Sundays and public holidays.
4. The special CPF securities sub-account of the nominee company of the relevant CPF approved bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Class A Cumulative Preference Shares you subscribed for with CPF Funds.
5. Where you are using CPF Funds, you cannot apply for the Class A Cumulative Preference Shares as nominee for any other person.
6. All instructions or authorisations given by you through an Electronic Application are irrevocable.
7. CPF Investment Accounts may be opened with any branch of the relevant CPF approved bank.
8. All information furnished by the CPF Board, the relevant CPF approved bank and the Participating Bank on your authorisation will be relied on as being true and correct.