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**COMPOSITE DOCUMENT DATED 8 MARCH 2018**

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**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

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**If you are in any doubt about the Offer or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

Ms. Lum Ooi Lin also known as “Ms. Olivia Lum Ooi Lin” (the “**Offeror**”) does not purport to advise the shareholders (collectively, the “**Shareholders**” and each a “**Shareholder**”) of HyfluxShop Holdings Ltd. (the “**Offeree**”). In preparing the letter to Shareholders, the Offeror has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

If you have sold or transferred all of your issued and paid-up ordinary shares in the capital of the Offeree (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Composite Document and the accompanying Form of Acceptance and Authorisation (“**FAA**”) to the purchaser or the transferee as CDP will arrange for a separate Composite Document and FAA to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately hand this Composite Document and the accompanying Form of Acceptance and Transfer (“**FAT**”) to the purchaser or the transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or the transferee.

This Composite Document should be read in conjunction with the accompanying FAA or FAT, as the case may be, the contents of which form part of the terms and conditions of the Offer.

Copies of this Composite Document may also be downloaded from [www.hyfluxshop.com](http://www.hyfluxshop.com).

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**COMPOSITE DOCUMENT RELATING TO THE VOLUNTARY UNCONDITIONAL CASH OFFER**

**BY**

**MS. LUM OOI LIN**

**to acquire all the issued and paid-up ordinary shares in the capital of**

**HYFLUXSHOP HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201723246Z)

**other than those already owned, controlled or agreed to be acquired by Ms. Lum Ooi Lin and parties acting in concert with her**

**ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5:30 P.M. (SINGAPORE TIME) ON 9 APRIL 2018 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY THE OFFEROR.**

**THE PROCEDURES FOR ACCEPTANCES OF THE OFFER ARE SET OUT IN APPENDIX 2 OF THIS COMPOSITE DOCUMENT AND IN THE FAA OR FAT, AS THE CASE MAY BE.**

A letter from the Offeror containing, among other things, the terms of the Offer, is set out on pages 13 to 30 of this Composite Document.

A letter to Shareholders from the Board is set out on pages 31 to 94 of this Composite Document.

A letter from the IFA to the Independent Director containing its advice and recommendation in respect of the Offer is set out in **Appendix A** to this Composite Document.

The procedures for acceptance of the Offer are set out in **Appendix 2** to this Composite Document and in the accompanying FAA and/or FAT.

**All capitalised terms not defined herein shall bear the same meanings as ascribed to them in this Composite Document.**



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## DEFINITIONS

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Unless otherwise defined or where the context otherwise requires, the following definitions shall apply throughout this Composite Document (including the cover page and the Acceptance Forms):

“Acceptance Forms”	:	The FAA and the FAT, collectively or either one of them, as the case may be.
“Actual Date of Completion”	:	Shall have the meaning ascribed to it in <b>paragraph 5.1</b> of the Offeror’s Letter.
“Awards”	:	Shall have the meaning ascribed to it in <b>paragraph 5.4</b> of the Offeror’s Letter.
“Board”	:	The board of directors of the Offeree.
“Business Day”	:	A day which is not a Saturday, Sunday or public holiday in Singapore.
“CDP”	:	The Central Depository (Pte) Limited.
“CGU”	:	Shall have the meaning ascribed to it in <b>paragraph 2.8</b> of <b>Appendix C</b> to this Composite Document.
“Closing Date”	:	<b>5:30 p.m. (Singapore time)</b> on 9 April 2018 or such later date(s) as may be announced from time to time by the Offeror, being the last date for the lodgement of acceptances of the Offer.
“Code”	:	The Singapore Code on Take-overs and Mergers.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore.
“Company” or “Offeree”	:	HyfluxShop Holdings Ltd.
“Company Directors”	:	The directors of the Offeree as at the Latest Practicable Date.
“Composite Document”	:	This document, comprising the Offer Document (including the Acceptance Forms) and the Offeree’s Circular.
“Company Securities”	:	Shall have the meaning ascribed to it in <b>paragraph 1.1</b> of <b>Appendix 4</b> to this Composite Document.
“Constitution”	:	The constitution of the Offeree.
“CPF”	:	The Central Provident Fund.
“CPF Agent Banks”	:	Agent banks included under the CPFIS.
“CPFIS”	:	The Central Provident Fund Investment Scheme.

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## DEFINITIONS

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“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS.
“Date of Receipt”	:	The date of receipt of the FAA by CDP.
“Derivative”	:	Shall mean any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security or securities which causes the holder to have a long economic exposure to the underlying securities.
“Despatch Date”	:	8 March 2018, being the date of despatch of this Composite Document.
“Dissenting Shareholders”	:	Shall have the meaning ascribed to it in <b>paragraph 6.3</b> of the Offeror’s Letter.
“Electronic Acceptance”	:	The SGX-SSH Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents.
“Encumbrance”	:	Shall have the meaning ascribed to it in <b>paragraph 2.4</b> of the Offeror’s Letter.
“EPS”	:	Shall have the meaning ascribed to it in <b>paragraph 2.14</b> of <b>Appendix C</b> to this Composite Document.
“Excluded Directors”	:	Ms. Lim Suat Wah and Mr. Cheong Aik Hock.
“FAA”	:	The Form of Acceptance and Authorisation which forms part of this Composite Document and which is issued to Shareholders whose Shares are deposited with CDP.
“FAT”	:	The Form of Acceptance and Transfer which forms part of this Composite Document and which is issued to Shareholders whose Shares are not deposited with CDP and are registered in such Shareholder’s name in the Register.
“FRS”	:	Shall have the meaning ascribed to it in <b>paragraph 1.1</b> of <b>Appendix C</b> to this Composite Document.
“FY2016”	:	The financial year ended 31 December 2016.
“FY2017”	:	The financial year ended 31 December 2017.
“Hyflux”	:	Hyflux Ltd.
“Hyflux Group”	:	Hyflux and its subsidiaries.

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## DEFINITIONS

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- “HyfluxShop ESIS”** : Shall have the meaning ascribed to it in **paragraph 5.4** of the Offeror’s Letter.
- “HyfluxShop Group”** : The Offeree and its subsidiaries.
- “HyfluxShop Hong Kong”** : HyfluxShop Hong Kong Limited.
- “HyfluxShop Preference Shares”** : Shall have the meaning ascribed to it in **paragraph 5.5** of the Offeror’s Letter.
- “Hyflux Circular”** : The circular from Hyflux to the shareholders of Hyflux dated 17 January 2018.
- “IFA”** : XCPL, being the independent financial adviser to the Independent Director in respect of the Offer.
- “IFA Letter”** : The letter dated 8 March 2018 from the IFA to the Independent Director containing its advice and recommendation in respect of the Offer as set out in **Appendix A** to this Composite Document.
- “Independent Director”** : The Company Director who is considered independent for the purposes of the Offer, namely, Ms. Lim Sau Hoong.
- “Interested Person”** : As defined in Note 1 on Rule 23.12 of the Code, an interested person, in relation to a company, is:
- (a) a director, chief executive officer, or substantial shareholder of the company;
  - (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;
  - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
  - (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
  - (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or

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## DEFINITIONS

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- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.
- “**Kaqun Europe**” : Kaqun Europe Kereskedelmi Zartkoruen Mukodo Reszventarsasag.
- “**Latest Practicable Date**” : 1 March 2018, being the latest practicable date prior to the printing of this Composite Document.
- “**NCI**” : Non-controlling interests.
- “**Offer**” : The voluntary unconditional cash offer made by the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document (including the Acceptance Forms), as may be amended, extended or revised from time to time by the Offeror.
- “**Offer Announcement**” : The announcement of the Offer released by the Offeror on the Offer Announcement Date.
- “**Offer Announcement Date**” : 15 February 2018, being the date of the Offer Announcement.
- “**Offer Document**” : The Offeror’s Letter, **Appendices 1 to 4 (inclusive)**, as set out in Part 1 of this Composite Document and any other document(s) which may be issued by the Offeror, in respect of the Offer, including the Acceptance Forms.
- “**Offer Period**” : The period commencing on the Possible Offer Announcement Date and ending on the Closing Date.
- “**Offer Price**” : Shall have the meaning ascribed to it in **paragraph 2.2** of the Offeror’s Letter.
- “**Offer Shares**” : Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with her.
- “**Offeree’s Circular**” : The letter to Shareholders from the Board in relation to the Offer and **Appendices A to D (inclusive)**, as set out in Part 2 of this Composite Document.
- “**Offeror**” : Ms. Lum Ooi Lin also known as “Ms. Olivia Lum Ooi Lin”.
- “**Offeror’s Letter**” : The letter from the Offeror to the Shareholders, in connection with the Offer and as set out in the Offer Document.



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## DEFINITIONS

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“Official List”	:	The list of issuers maintained by the SGX-ST in relation to the SGX-ST Mainboard or Catalist.
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown on the Register or in the records of CDP, as the case may be.
“Possible Offer Announcement”	:	The announcement by Hyflux on the Possible Offer Announcement Date regarding a potential acquisition of the Offeree by the Offeror as set out in paragraph 4.3 of the Hyflux Circular.
“Possible Offer Announcement Date”	:	17 January 2018, being the date of the Possible Offer Announcement.
“Proposed Listing”	:	Shall have the meaning ascribed to it in <b>paragraph 5.6</b> of the Offeror’s Letter.
“Purchaser”	:	Shall have the meaning ascribed to it in <b>paragraph 1(a)</b> of <b>Appendix 2</b> to this Composite Document.
“Register”	:	Register of members of the Offeree maintained by the Registrar.
“Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Relevant Day”	:	Shall have the meaning ascribed to it in <b>paragraph 3(a)</b> of <b>Appendix 1</b> to this Composite Document.
“Relevant Financial Information”	:	Shall have the meaning ascribed to it in <b>paragraph 7.1(b)</b> of <b>Appendix B</b> to this Composite Document.
“Relevant Persons”	:	Shall have the meaning ascribed to it in <b>paragraph 3.6</b> of <b>Appendix 2</b> to this Composite Document.
“Restricted Jurisdiction”	:	Shall have the meaning ascribed to it in <b>paragraph 10.1</b> of the Offeror’s Letter.
“Scripolders”	:	Shareholders who hold Shares which are not deposited with CDP, in scrip form.
“Securities Account”	:	A securities account maintained by a Depositor with CDP.
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Offeree.

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## DEFINITIONS

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“Shareholders”	:	Shareholders of the Offeree.
“Shut-Off Notice”	:	Shall have the meaning ascribed to it in <b>paragraph 1(c)</b> of <b>Appendix 1</b> to this Composite Document.
“SRS”	:	The Supplementary Retirement Scheme.
“SRS Agent Banks”	:	Agent banks included under the SRS.
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS.
“SIC”	:	The Securities Industry Council of Singapore.
“S\$”	:	Singapore dollars, being the lawful currency of the Republic of Singapore.
“US\$”	:	United States dollars being the lawful currency of the United States of America.
“XCPL”	:	Xandar Capital Pte. Ltd.
“%” or “per cent”	:	Percentage or per centum.

**Acting in concert.** The expression “**acting in concert**” shall have the meaning ascribed to it in the Code.

**Announcement, Notice, etc.** References to the making of an announcement or the giving of notice by the Offeror (or the Offeree, as the case may be) shall include the release of an announcement by any of its financial advisers (if applicable) or advertising agents, for and on behalf of the Offeror (or the Offeree, as the case may be), to the press, or the delivery of or transmission by telephone, telex, facsimile, on [www.hyfluxshop.com](http://www.hyfluxshop.com) or otherwise of an announcement to the Shareholders.

**Composite Document.** References to “**Composite Document**” shall include the FAA and the FAT, unless the context otherwise requires.

**Depositors, etc.** The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

**Genders.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Composite Document are inserted for convenience only and shall be ignored in construing this Composite Document.

**Issued shares in the capital of the Offeree.** In this Composite Document, the total number of Shares is a reference to a total of 112,183,568 Shares in issue as at the Latest Practicable Date unless the context otherwise requires.

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## DEFINITIONS

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**Rounding.** Any discrepancies in the tables in this Composite Document between the listed amounts and the totals thereof are due to rounding. Accordingly, any figure shown as a total may not be an arithmetic aggregation of the figures that precede it.

**Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Composite Document are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Composite Document 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 Code, the SFA or any modification thereof and used in this Composite Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the SFA or that amendment or re-enactment, as the case may be.

**Subsidiaries, related corporations, associated companies.** The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act. The expression “**associated companies**”, in relation to the Offeree, shall mean corporations in which the Offeree holds, directly or indirectly, at least 20% but not more than 50% of their issued shares.

**Time and date.** Any reference to a time of day and date in this Composite Document shall be a reference to Singapore time and date, unless otherwise specified.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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*All statements other than statements of historical facts included in this Composite Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s and/or the Offeree’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results, performance or achievements may differ materially from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Given the risks and uncertainties that may cause the actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Composite Document, Shareholders and investors should not place undue reliance on such forward-looking statements, and none of the Offeror and the Offeree guarantee any future performance or event or undertake any obligation to update publicly or revise any forward-looking statements.*

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## INDICATIVE TIMETABLE

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Date of despatch of this Composite Document <sup>(1)</sup>	:	8 March 2018.
Closing Date <sup>(2)</sup>	:	9 April 2018 at 5:30 p.m. (Singapore time) or such later date(s) as may be announced from time to time by the Offeror.
Date of settlement of consideration	:	In respect of valid and complete acceptances received on or before the Closing Date, within seven Business Days of the date of receipt of each such complete acceptance.

**Notes:**

- (1) Other than the date of despatch of this Composite Document and the date of settlement of consideration, the other dates set out in the timetable above are indicative only and the actual dates of the above events will be announced in due course by or on behalf of the Offeror and/or the Offeree on [www.hyfluxshop.com](http://www.hyfluxshop.com).
- (2) The Offer will initially be open for at least 30 days after the date of despatch of this Composite Document.

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## CONTACT INFORMATION

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Any enquiries relating to the Offer Document or the Offer should be directed during Singapore office hours to:

**+65 6535 1944**

**[hsh.enquiries@shooklin.com](mailto:hsh.enquiries@shooklin.com)**

Any enquiries relating to the Offeree's Circular or the Offeree should be directed during Singapore office hours to:

**Dawn Tan (Ms)**

**+65 6214 0777**

**[investor@hyfluxshop.com](mailto:investor@hyfluxshop.com)**

Shareholders may also access **[www.hyfluxshop.com](http://www.hyfluxshop.com)** for information relating to this Composite Document or the Offer.

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## PART 1: LETTER FROM THE OFFEROR

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8 March 2018

To: The Shareholders of HyfluxShop Holdings Ltd.

Dear Sir/Madam

### **VOLUNTARY UNCONDITIONAL CASH OFFER BY THE OFFEROR TO ACQUIRE THE OFFER SHARES**

#### **1. INTRODUCTION**

- 1.1. **Possible Offer Announcement.** On 17 January 2018, being the Possible Offer Announcement Date, Hyflux announced that the Offeror intends to make an Offer for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with her, in accordance with the Code.
- 1.2. **Offer Announcement.** On 15 February 2018, being the Offer Announcement Date, the Offeror announced, *inter alia*, that the Offeror shall make an Offer for the Offer Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

A copy of the Offer Announcement is available on the corporate website of the Offeree at [www.hyfluxshop.com](http://www.hyfluxshop.com).

- 1.3. **Offer Document.** The Offeror is pleased to make this Offer for your Offer Shares, on the terms and conditions set out in this letter and in the Acceptance Forms. This Offer Document, comprising this letter, **Appendices 1 to 4 (inclusive)** to this Composite Document and the Acceptance Forms, contains the formal offer by the Offeror for the Offer Shares. **Shareholders are urged to read this Offer Document carefully and to properly consider the Offer.**
- 1.4. **Offeree's Circular and recommendation of the Independent Director.** Your attention is also drawn to the Offeree's Circular and **Appendices A to D (inclusive)** to this Composite Document.

As stated in the Offeree's Circular, the Independent Director, having considered carefully the terms and conditions of the Offer and the advice given and recommendation made by the IFA in the IFA Letter (as set out in **Appendix A** to this Composite Document) including the key factors as set out at paragraph 8 of the IFA Letter, concurs with the advice and recommendation of the IFA in respect of the Offer. Accordingly, the Independent Director recommends that the Shareholders **ACCEPT the Offer.**

**Shareholders should read carefully and properly consider the Offeree's Circular and the advice and recommendation of the IFA in its entirety as set out in the IFA Letter before deciding whether or not to accept the Offer.**

#### **2. THE OFFER**

- 2.1. **Offer Terms.** The Offer will be extended, on the same terms and conditions, to all Offer Shares.
- 2.2. **Offer Price.** **S\$0.1783** in cash for each Offer Share.

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## PART 1: LETTER FROM THE OFFEROR

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- 2.3. **Unconditional Offer.** The Offer will not be subject to any conditions and will be unconditional in all respects.
- 2.4. **No Encumbrances.** Pursuant to the Offer, the Offer Shares are to be transferred by the Shareholders to the Offeror:
- (a) fully paid;
  - (b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever ("**Encumbrance**"); and
  - (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Offeree on or after the Offer Announcement Date.

If any dividend, other distribution or return of capital is declared, paid or made by the Offeree on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

- 2.5. **Warranty.** Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Offeree on or after the Offer Announcement Date.
- 2.6. **Closing Date.** The Offer is open for acceptance by Shareholders for at least 30 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

**Accordingly, the Offer will close at 5:30 p.m. (Singapore time) on 9 April 2018 or such later date(s) as may be announced from time to time by the Offeror.**

- 2.7. **Further Details of the Offer.** Appendix 1 to this Composite Document sets out further details on:
- (a) the duration of the Offer;
  - (b) the settlement of the consideration for the Offer;
  - (c) the requirements relating to the announcement of the level of acceptances of the Offer; and
  - (d) the right of withdrawal of acceptances of the Offer.



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## PART 1: LETTER FROM THE OFFEROR

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### 3. PROCEDURES FOR ACCEPTANCE

**Appendix 2** to this Composite Document sets out the procedures for acceptance of the Offer by a Shareholder.

### 4. INFORMATION ON THE OFFEROR

The Offeror is the Executive Chairman and Group Chief Executive Officer of Hyflux and a controlling shareholder of Hyflux. The Offeror started Hydrochem (S) Pte Ltd, the precursor to Hyflux and has been managing the Hyflux Group for close to 30 years and has a wealth of experience in the water treatment and desalination industries.

As at the Latest Practicable Date, the Offeror holds 26,735,121 Shares, representing approximately 23.8% of the Shares in issue as at the Latest Practicable Date. As at the Latest Practicable Date, the Offeror and her concert party hold an aggregate of 60,830,195 Shares, representing approximately 54.2% of the Shares in issue as at the Latest Practicable Date.

For purposes of information and disclosure, please note that Rule 23.4(a) to (h) (both inclusive) of the Code requiring disclosure of certain financial information of the Offeror is not relevant in this case as the Offeror is an individual and not a corporate entity.

### 5. INFORMATION ON THE OFFEREE

5.1. **General.** The Offeree was incorporated in Singapore on 16 August 2017. On the Offeree's incorporation two Shares were issued to Hyflux for a paid-up share capital of S\$2.00. In anticipation of the then proposed dividend *in specie* of Shares to be issued to the "Entitled Shareholders" of Hyflux on the "Date of Completion", both as defined in the Hyflux Circular, 112,183,566 additional Shares were issued to Hyflux on 20 December 2017 for an additional paid-up share capital of S\$20.0 million, which was utilised for the reorganisation of the consumer arm of Hyflux under the Offeree. The dividend *in specie* of Shares to the "Entitled Shareholders" (as defined in the Hyflux Circular) of Hyflux was completed on 15 February 2018 (the "**Actual Date of Completion**").

5.2. **Principal Activities.** The principal business activities, business strategies and future plans of the HyfluxShop Group are focused on the consumer health and wellness segments. The HyfluxShop Group offers a comprehensive range of sustainable and environmentally-friendly water filtration and consumer lifestyle products and has an expanding suite of health and wellness consumer solutions to provide clean drinking water, enhance health and wellness with oxygen-rich water as well as provide nutritional supplements to complement the modern lifestyle.

5.3. **Corporate Information.** Based on the information available to the Offeror, as at the Latest Practicable Date:

(a) the Board comprises the following:

(i) Ms. Lim Suat Wah;

(ii) Mr. Cheong Aik Hock; and

(iii) Ms. Lim Sau Hoong;

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## PART 1: LETTER FROM THE OFFEROR

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- (b) the Offeree has an issued and paid-up share capital of S\$40,000,002, comprising:
    - (i) 112,183,568 Shares;
    - (ii) 20,000,000 HyfluxShop Preference Shares; and
    - (iii) no Shares held in treasury; and
  - (c) no Awards under the HyfluxShop ESIS have been granted since the commencement of the HyfluxShop ESIS.
- 5.4. **Employees' Share Incentive Scheme.** As at the Latest Practicable Date, based on the information available to the Offeror, the Offeree has in place the HyfluxShop Employees' Share Incentive Scheme ("**HyfluxShop ESIS**"), the terms of which were approved at an extraordinary general meeting of the Offeree on 12 February 2018 pursuant to which the Offeree may grant awards of Shares and/or share options to selected employees of the Offeree ("**Awards**"). However, no Awards under the HyfluxShop ESIS have been granted since the commencement of the HyfluxShop ESIS. Further details of the HyfluxShop ESIS are set out in paragraph 5 of the Hyflux Circular. In view of the fact that no Awards have been granted as at the Latest Practicable Date, there are no holders of any Awards to which the Offer is or has to be extended to.
- 5.5. **Preference Shares.** As at the Latest Practicable Date, based on the information available to the Offeror, the Offeree has issued 20,000,000 non-convertible, non-voting, perpetual preference shares (the "**HyfluxShop Preference Shares**") to Hyflux, a party acting in concert with the Offeror, amounting to S\$20.0 million in aggregate liquidation preference of the HyfluxShop Preference Shares at the issue price of S\$1 for each HyfluxShop Preference Share. The HyfluxShop Preference Shares have no maturity date and will not be redeemable at the option of the holder(s) of HyfluxShop Preference Shares. The Offeree may, at its sole discretion, redeem the HyfluxShop Preference Shares for cash, in whole or in part (on a pro rata basis), under certain circumstances, subject to the Constitution and certain limitations. In the event of a commencement of any dissolution or winding-up of the Offeree (other than pursuant to a "Permitted Reorganisation" as defined in the Constitution) before any redemption of HyfluxShop Preference Shares, the HyfluxShop Preference Shares shall rank, *inter alia*, senior to the Shares and any other securities or obligations of the Offeree that are subordinated to the HyfluxShop Preference Shares. Further details of the HyfluxShop Preference Shares are set out in paragraph 3 of the Hyflux Circular. In view of the fact that the HyfluxShop Preference Shares are not convertible into Shares and do not carry the right to vote at general meetings, except in certain limited circumstances as specified in the Constitution, the Offeror will not make an offer to acquire the HyfluxShop Preference Shares.
- 5.6. **Listing Plans.** Per paragraph 2.7 of the Hyflux Circular, assuming its future growth performance is on track and market conditions of the capital markets are favourable, the HyfluxShop Group is expected to be in a position to consider the proposed listing of the Offeree on a recognised stock exchange ("**Proposed Listing**") or other liquidity events to unlock value for the Shareholders. Nevertheless, Shareholders should note that the Proposed Listing is a future plan which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the HyfluxShop Group to be different from expected. As such, there is a risk that the HyfluxShop Group may not be able to implement such future plans successfully.

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## PART 1: LETTER FROM THE OFFEROR

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- 5.7. **Appendix 3 to this Composite Document sets out additional information on the Offeree.**

### 6. RATIONALE FOR THE OFFER AND INTENTIONS IN RELATION TO THE OFFEREE

- 6.1. **Rationale.** Following the Actual Date of Completion and prior to the Proposed Listing, Shareholders are holding shares in a public Singapore company that are not quoted on the Official List of the SGX-ST, any securities exchange or any other regulated markets. Accordingly, the Offer provides an avenue for Shareholders to sell their unlisted Shares without having to search for willing purchasers.
- 6.2. **Offeror's Future Plans for the Offeree.** It is the intention of the Offeror to carry on the existing business of the Offeree, and the Offeror presently has no intention, save in the ordinary course of the business, to (a) introduce any major changes to the business of the Offeree, (b) re-deploy the fixed assets of the Offeree or (c) discontinue the employment of the employees of the Offeree. However, the Offeror retains the flexibility at any time to consider any options in relation to the Offeree which may present themselves and which the Offeror may regard to be in the interest of the Offeree.
- 6.3. **No Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offer involves the transfer of all of the Shares and if the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares) as at the close of the Offer (other than those already held by the Offeror as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer during the Offer Period (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer, if any.

Pursuant to Section 215(3) of the Companies Act, the Dissenting Shareholders, if any, have the right to require the Offeror to acquire their Shares on the same terms as those offered under the Offer in the event that the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares) as at the close of the Offer. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude Shares held by the Offeror as at the date of the Offer.

Since the Offer does not extend to the Shares owned, controlled or agreed to be acquired by parties acting in concert with the Offeror<sup>1</sup>:

- (a) the Offeror will not become entitled to the right under Section 215(1) of the Companies Act to compulsorily acquire any Shares of the Dissenting Shareholders; and
- (b) the Dissenting Shareholders, if any, will not become entitled to exercise the right under Section 215(3) of the Companies Act to require the Offeror to acquire any of their Shares.

### 7. FINANCIAL EVALUATION OF THE OFFER

This is not applicable in this present case as the Company is an unlisted public company and its Shares are not quoted or traded on the Official List of the SGX-ST, any securities exchange or any other regulated markets.

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<sup>1</sup> As set out in Appendix 4 to this Composite Document, parties acting in concert with the Offeror hold approximately 30.4% of the Shares.

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## PART 1: LETTER FROM THE OFFEROR

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### 8. CONFIRMATION OF FINANCIAL RESOURCES

DBS Bank Ltd., as the Offeror's bank, confirms that, sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Offer for the Offer Shares in cash on the basis of the Offer Price.

DBS Bank Ltd. is not acting as a financial adviser to the Offeror.

### 9. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline specified by their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. CPFIS Investors and SRS Investors will receive the Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts.

### 10. OVERSEAS SHAREHOLDERS

- 10.1. **Overseas Shareholders.** The availability of the Offer to Overseas Shareholders and the ability of the Overseas Shareholders to accept the Offer may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Composite Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Composite Document or any part thereof to any overseas jurisdictions, the Offeror and CDP each reserves the right not to send this Composite Document or any part thereof to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders other than the Offeror and parties acting in concert with her, including those to whom this Composite Document has not been, or may not be, sent.**

Copies of this Composite Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

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## PART 1: LETTER FROM THE OFFEROR

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- 10.2. **Copies of this Composite Document.** Overseas Shareholders may, nonetheless, obtain copies of this Composite Document and any related documents, during normal business hours and up to the Closing Date, from CDP at 9 North Buona Vista, #01-19/20, The Metropolis, Singapore 138588 or the office of the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write to the Registrar at the above-mentioned address requesting that the Composite Document, the appropriate form(s) of acceptance and any related documents be sent to an address in Singapore by ordinary post at his own risk, up to five Business Days prior to the Closing Date.
- 10.3. **Overseas Jurisdiction.** It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Composite Document and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on her behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on her behalf may be required to pay. In (i) requesting for this Composite Document and any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position, including (without limitation) the ability to accept the Offer, should consult his professional adviser(s) in the relevant jurisdiction.**

The Offeror reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement on the corporate website of the Offeree at [www.hyfluxshop.com](http://www.hyfluxshop.com) and if necessary, paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

### 11. GENERAL INFORMATION

- 11.1. **Accidental omission.** Any omission relating to the despatch of this Composite Document (including the Acceptance Forms) or any notice, advertisement or announcement required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.
- 11.2. **Governing law and jurisdiction.** The Offer, this Offer Document (including the Acceptance Forms), all acceptances of the Offer, all contracts made pursuant thereto and all actions taken or deemed to be taken in connection with any of the foregoing shall be governed by, and construed in accordance with, the laws of Singapore and all accepting Shareholders agree, by accepting the Offer, to submit to the non-exclusive jurisdiction of the Singapore courts.

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## PART 1: LETTER FROM THE OFFEROR

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- 11.3. **No third party rights.** Unless expressly provided otherwise in this Offer Document, a person who is not a party to any contracts made pursuant to the Offer and this Offer Document (including the Acceptance Forms) has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- 11.4. **Valid Acceptances.** The Offeror reserves the right to treat acceptances of the Offer as valid if received by or on behalf of her at any place or places determined by her otherwise than as stated herein or in the FAA or the FAT, or if made otherwise than in accordance with the provisions herein and in the Acceptance Forms.
- 11.5. **Independent Advice.** In preparing the Offer Document (including the Offeror's Letter), the Offeror has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any Shareholder. You must make your own decision as to whether to tender your Offer Shares. If you are in any doubt as to the action you should take, you should immediately seek your own advice from your relevant financial, legal or tax advisers or other independent financial adviser.

The views of the Independent Director and the IFA are included in the Offeree's Circular. Accordingly, Shareholders may wish to consider their advice before taking any action in relation to the Offer.

- 11.6. **General Information.** Appendix 4 to this Composite Document sets out additional general information relating to the Offer. Your attention is drawn to all the Appendices which form part of this Composite Document.

### 12. OFFEROR RESPONSIBILITY STATEMENT

The Offeror has taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document (other than those relating to the Offeree and the IFA Letter) are fair and accurate and that there are no other material facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading in any material respect, and she accepts responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, information relating to the HyfluxShop Group and associated companies), the sole responsibility of the Offeror has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Offer Document.

#### Issued by

Ms. Lum Ooi Lin

8 March 2018  
Singapore



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## APPENDIX 1 – DETAILS OF THE OFFER

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### 1. DURATION OF THE OFFER

- (a) **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 30 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5:30 p.m. (Singapore time) on 9 April 2018 or such later date(s) as may be announced from time to time by the Offeror.**
- (b) **Subsequent Closing Date.** If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before she may close the Offer.
- (c) **Offer to Remain Open for 14 Days.** The Offer will remain open for a period of not less than 14 days after the date on which it would otherwise have closed, unless the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:
- (i) the Offeror may not give a Shut-Off Notice in a competitive situation; and
  - (ii) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, a "competitive situation" shall be deemed to arise when either (i) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions; or (ii) the SIC determines that a competitive situation has arisen.

- (d) **Revision.** The Offeror reserves her right to revise the terms of the Offer at such time and in such manner as she may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who have previously accepted the Offer.

### 2. SETTLEMENT

- (a) **When Settlement is Due.** Subject to the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Composite Document and in the FAA or the FAT (as the case may be), and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to her that the relevant number of Offer Shares tendered by the accepting Depositor in acceptance of the Offer stand to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time(s), remittances in the form of S\$ crossed cheques drawn on a bank in Singapore for the appropriate amounts will be despatched (or by such other manner as the accepting Shareholders may have agreed with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the accepting Shareholders, as soon as practicable, and in any case within seven Business Days of the date of such receipt.

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## APPENDIX 1 – DETAILS OF THE OFFER

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- (b) **Method of Settlement.** Remittance of the Offer Price will be made in the form of S\$ crossed cheques drawn on a bank in Singapore (or by such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions) for the appropriate amounts and will be sent to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post to their addresses as they appear in the Register (in the case of Scripholders) or the records of CDP (in the case of Depositors) at their own risk or in such other manner as the accepting Shareholders who are Depositors may have agreed with CDP for payment of any cash distributions.

### 3. ANNOUNCEMENTS

- (a) **Timing and Contents.** Pursuant to Rule 28.1 of the Code, **by 8:00 a.m. (Singapore time)** on the dealing day (the “**Relevant Day**”) immediately after the day on which the Offer is due to expire, or the Offer is revised or extended (if applicable), the Offeror will announce on the Offeree’s corporate website ([www.hyfluxshop.com](http://www.hyfluxshop.com)) the total number of Offer Shares (as nearly as practicable):

- (i) in respect of which valid acceptances of the Offer have been received;
- (ii) held by the Offeror and any party acting in concert with her prior to the commencement of the Offer Period; and
- (iii) acquired or agreed to be acquired by the Offeror and any party acting in concert with her during the Offer Period,

and will specify the percentages of the issued share capital of the Offeree represented by such numbers.

- (b) **Computation of Acceptances.** Subject to **paragraph 11.4** of the Offeror’s Letter, in computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects.

Acceptances of the Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

### 4. RIGHT OF WITHDRAWAL

Acceptances of the Offer shall be irrevocable.



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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

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### 1. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS WHOSE SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH OFFER SHARES

- (a) **Acceptance by Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of your Securities Account, you are entitled to receive this Composite Document together with the FAA. If you wish to accept the Offer, you should complete and sign the accompanying FAA in accordance with the provisions and instructions in this Composite Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed FAA, **either by hand** to:

**Ms. Lum Ooi Lin**

c/o

The Central Depository (Pte) Limited

9 North Buona Vista Drive

#01-19/20

The Metropolis

Singapore 138588

or **by post** in the enclosed pre-addressed envelope **at your own risk**, to:

**Ms. Lum Ooi Lin**

c/o

The Central Depository (Pte) Limited

Robinson Road Post Office

P.O. Box 1984

Singapore 903934

**so as in either case to arrive not later than 5:30 p.m. (Singapore time) on the Closing Date.**

If you have sold or transferred all your Offer Shares, you need not forward this Composite Document and/or the FAA to the purchaser or the transferee (the “**Purchaser**”) as arrangements will be made by CDP for a separate Composite Document and FAA to be sent to the Purchaser. Purchasers should note that CDP will, on behalf of the Offeror, send a copy of this Composite Document and the FAA by ordinary post at the Purchasers’ own risk to their respective addresses as they appear in the records of CDP.

If you wish to accept the Offer, you must insert in Part A of the FAA the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which the Offer is accepted.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. Such Electronic Acceptances must be submitted **not later than 5:30 p.m. (Singapore time) on the Closing Date.** CDP has been authorised by the Offeror to receive Electronic Acceptances on her behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Composite Document as if the FAA has been duly completed, signed in its originality and submitted to CDP.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

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If the number of Offer Shares inserted in Part A of the FAA or submitted through Electronic Acceptance exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at **5:00 p.m. (Singapore time)** on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at **5:30 p.m. (Singapore time)** on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date) or, if no such number of Offer Shares is inserted in Part A, then you are deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at **5:00 p.m. (Singapore time)** on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at **5:30 p.m. (Singapore time)** on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date).

- (b) **General.** No acknowledgement will be given for submissions made. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares in your Securities Account (i) through CDP Online if you have registered for CDP Internet Access Service; or (ii) through CDP Phone Service if you have a T-Pin.
- (c) **Suspense Account.** CDP will, upon receipt on behalf of the Offeror of the duly completed and signed original of the FAA or Electronic Acceptance, and all other relevant documents (if any), transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account” until the consideration for the Offer Shares has been despatched to you.
- (d) **Acceptance Irrevocable. Except as specifically provided for in this Composite Document and the Code, acceptance of the Offer is irrevocable.**
- (e) **Correspondences.** All communications, notices, documents and payments will be sent by ordinary post at the risk of the person(s) entitled thereto to the mailing address appearing in the records of CDP. Settlement of the consideration under the Offer will be subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the “Free Balance” of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and lodged with **Ms. Lum Ooi Lin c/o The Central Depository (Pte) Limited, by hand at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588** or **by post** at your own risk using the enclosed pre-addressed envelope at **Robinson Road Post Office P.O. Box 1984 Singapore 903934**.
- (f) **Notification.** CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a S\$ crossed cheque drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP for the payment of any cash distributions.
- (g) **No Securities Account.** If you do not have any existing Securities Account in your name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.
- (h) **Non-receipt of FAA.** If you are a Depositor whose Securities Account is or will be credited with Offer Shares but you do not receive the FAA, you may obtain such an FAA upon production of satisfactory evidence that you are a Shareholder, from The Central Depository (Pte) Limited, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

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### 2. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

- (a) **Acceptance by Scripholders.** If you hold Offer Shares which are not deposited with CDP, you are entitled to receive this Composite Document together with the FAT. If you wish to accept the Offer, you should complete and sign the FAT (which is available upon request from **Ms. Lum Ooi Lin** c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623) in accordance with the provisions and instructions in this Composite Document and the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer) **and forward with the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror by hand or by post to:**

**Ms. Lum Ooi Lin**

c/o

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

**so as to arrive not later than 5:30 p.m. (Singapore time) on the Closing Date.**

If the number of Offer Shares in respect of acceptances for the Offer as inserted by you in the FAT exceeds the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT, or if no such number of Offer Shares is inserted by you, then you shall be deemed to have accepted the Offer in respect of all the Offer Shares as represented by the share certificate(s) and/or other document(s) of title accompanying the FAT.

- (b) **General.** If your Offer Shares are represented by share certificate(s) which are not registered with the Offeree in your own name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant documents required by the Offeror together with a duly completed and signed original FAT accompanied by transfer form(s), duly completed and executed by the person(s) registered with the Offeree as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by her).
- (c) **Disclaimer.** It is your responsibility to ensure that the FAT is properly completed in all respects. The Offeror and/or Boardroom Corporate & Advisory Services Pte. Ltd. will be entitled to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAT, or (subject to the preceding paragraph) which is not accompanied by the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject the FAT on the grounds that it has been incompletely, incorrectly or invalidly signed, completed or submitted, unsigned or signed but not in its originality will be final and binding, and none of the Offeror or Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility or liability for the consequences of such a decision.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

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- (d) **Acceptance Irrevocable.** Except as specifically provided for in this Composite Document and the Code, acceptance of the Offer is irrevocable.
- (e) **No Acknowledgement.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.
- (f) **Correspondence.** All communications, notices, certificates, documents and remittances will be sent by ordinary post at the risk of the person(s) entitled thereto.

Payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register) by ordinary post at your address as it appears in the register of members of the Offeree at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a S\$ crossed cheque drawn on a bank in Singapore for the appropriate amount.

- (g) **Non-receipt of FAT.** If you are a Shareholder who holds Offer Shares which are not deposited with CDP but you do not receive the FAT, you may obtain such a FAT upon production of satisfactory evidence that you are a Shareholder, from **Ms. Lum Ooi Lin** c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

### 3. OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ACCEPTANCE

- 3.1 **Scrip and Scripless Offer Shares.** If you hold share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you are required to complete the FAT in respect of the Offer Shares represented by share certificate(s) and the FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed, signed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out in **paragraphs 1 and 2** of this **Appendix 2**.
- 3.2 **Deposit of share certificates.** If you hold share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the date of this Composite Document and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Offer.
- 3.3 **Disclaimer.** If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or FAT, as the case may be, is properly completed in all respects, submitted with original signature(s) and all required documents are provided. The Offeror, CDP and/or Boardroom Corporate & Advisory Services Pte. Ltd. will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAA and/or FAT, as the case may be, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject any acceptance will be final and binding, and none of the Offeror, CDP or Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility or liability for the consequences of such a decision.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

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- 3.4 **Acceptances received on Saturday, Sunday or public holidays.** Acceptances in the form of the FAA and/or FAT, as the case may be, received by the Offeror, CDP and/or Boardroom Corporate & Advisory Services Pte. Ltd., on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.
- 3.5 **Evidence of Title.** Submission of the duly completed and signed original of the FAA and/or FAT, as the case may be, through CDP and/or Boardroom Corporate & Advisory Services Pte. Ltd. and/or, as the case may be, the Offeror shall be conclusive evidence in favour of the Offeror, CDP and Boardroom Corporate & Advisory Services Pte. Ltd. of the right and title of the persons signing it to deal with the same and with the Offer Shares to which it relates.
- 3.6 **Personal Data Privacy.** By completing and delivering the FAA and/or the FAT, as the case may be, each person (i) consents to the collection, use and disclosure of his personal data by Boardroom Corporate & Advisory Services Pte. Ltd., CDP, the Offeror, and the Offeree (the “**Relevant Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, regulations and/or guidelines; (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law; and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

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## APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEREE

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### 1. DIRECTORS

The names, addresses and descriptions of the Company Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Ms. Lim Suat Wah	80 Bendemeer Road Hyflux Innovation Centre Singapore 339949	Director
Mr. Cheong Aik Hock	80 Bendemeer Road Hyflux Innovation Centre Singapore 339949	Director
Ms. Lim Sau Hoong	80 Bendemeer Road Hyflux Innovation Centre Singapore 339949	Director

### 2. SHARE CAPITAL

As at the Latest Practicable Date, based on information available to the Offeror, the Offeree has an issued and paid-up share capital of S\$40,000,002 consisting of 112,183,568 Shares, 20,000,000 HyfluxShop Preference Shares and no Shares held in treasury.

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring the holders of the Offer Shares, before transferring them, to first offer them for purchase to Shareholders or to any other person.

### 3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save (a) as disclosed in this Composite Document; and (b) for any other information on the Offeree which is publicly available, there has not been, within the knowledge of the Offeror, any material change in the financial position or prospects of the Offeree since 31 December 2017, being the date of the unaudited pro forma combined financial information of the HyfluxShop Group.

### 4. REGISTERED OFFICE

The registered office of the Offeree is at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949.

## APPENDIX 4 – ADDITIONAL GENERAL INFORMATION

### 1. DISCLOSURE OF INTERESTS

#### 1.1 Interests of the Offeror and parties acting in concert with her in Company Securities.

As at the Latest Practicable Date, save as disclosed below, none of the Offeror or any parties acting in concert with her owns, controls or has agreed to acquire any (a) Shares; (b) securities which carry voting rights in the Offeree; or (c) convertible securities, warrants, options and Derivatives in respect of Shares or securities which carry voting rights in the Offeree (collectively, the “**Company Securities**”):

Name	Number of Shares			
	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Offeror <sup>(1)</sup>	26,735,121	23.8	34,095,074	30.4
Hyflux	34,095,074	30.4	–	–

**Note:**

(1) The Offeror has a direct interest of 267,351,211 shares in Hyflux, representing approximately 34.1 per cent in Hyflux. Accordingly, the Offeror is deemed to be interested in the 34,095,074 Shares held by Hyflux.

#### 1.2 Dealings in Company Securities by the Offeror and parties acting in concert with her.

Save for the following transactions made by the Offeror and parties acting in concert with her, during the period commencing three months prior to the Possible Offer Announcement Date and ending on the Latest Practicable Date, none of the Offeror or parties acting in concert with her has dealt for value in the Company Securities:

Name	Dealing Date	No. of Shares Issued	Price Paid per Share <sup>(1)</sup>
Hyflux	20 December 2017	112,183,566	S\$0.1783

**Note:**

Excluding brokerage commission, clearing fees, stamp duties and Goods and Services Tax (as applicable).

1.3 **Interest of Offeror Directors in Company Securities.** This is not applicable in the present case as the Offeror is an individual.

1.4 **Dealings in Company Securities by Offeror Directors.** This is not applicable in the present case as the Offeror is an individual.

1.5 **Irrevocable Undertakings.** As at the Latest Practicable Date, neither the Offeror nor parties acting in concert with her has received any irrevocable undertakings from any party to accept or reject the Offer.

1.6 **Indemnity Arrangements.** As at the Latest Practicable Date, the Offeror has not entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any arrangement or understanding, formal or informal, of whatever nature, relating to the Company Securities, which may be an inducement to deal or refrain from dealing in the Company Securities.



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## APPENDIX 4 – ADDITIONAL GENERAL INFORMATION

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- 1.7 **Agreements Conditional upon the Outcome of the Offer or having any Connection with or Dependence on the Offer.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (a) the Offeror or any of the parties acting in concert with the Offeror; and (b) any of the present or recent directors of the Offeree or the present or recent Shareholders or any other person conditional upon the outcome of the Offer or otherwise having any connection with or dependence upon the Offer.
- 1.8 **Encumbrances.** As at the Latest Practicable Date, none of the Offeror or any person acting in concert with the Offeror has in respect of any Company Securities (a) granted any security interest over any Company Securities to another person, whether through a charge, pledge or otherwise; (b) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or sold); or (c) lent to another person any Company Securities.
- 1.9 **Transfer of Offer Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby the Offer Shares acquired pursuant to the Offer will or may be transferred to any other person.
- 1.10 **Payment or Benefit to Company Directors.** As at the Latest Practicable Date, there is no payment or other benefit which will be made or given to any Company Director or to any director of any corporation which is, by Section 6 of the Companies Act deemed to be related to the Offeree, as compensation for loss of office or otherwise in connection with the Offer.
- 1.11 **No material change.** Save as disclosed in this Offer Document, there has been no material change in any information previously published by the Offeror during the period commencing from the Possible Offer Announcement Date and ending on the Latest Practicable Date.

### 2. GENERAL

- 2.1 **Costs and Expenses.** All costs and expenses of or incidental to the Offer including the preparation and circulation of this Composite Document (including the Acceptance Forms) (other than professional fees and other costs relating to the Offer incurred or to be incurred by the Offeree (save where the Offeror has otherwise agreed in writing with the Offeree to bear the same) and fees incurred by Overseas Shareholders in accepting the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 2.2 **Consent.** DBS Bank Ltd., as the Offeror's bank has given and has not withdrawn its written consent to issue this Composite Document with the inclusion herein of its name and all references thereto, in the form and context in which they appear in this Composite Document. DBS Bank Ltd. is not acting as a financial adviser to the Offeror.

### 3. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949, during normal business hours, for the period which the Offer remains open for acceptance:

- (a) the Possible Offer Announcement;
- (b) the Offer Announcement; and
- (c) the letter of consent from DBS Bank Ltd. referred to in **paragraph 2.2** of this **Appendix 4**.



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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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*This letter to Shareholders from the Board shall not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction where such offer or solicitation is unlawful or unauthorised. This letter to Shareholders from the Board is issued to Shareholders solely for the purpose set out in paragraph 1 below and is not authorised for use for any other purposes.*

### HYFLUXSHOP HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201723246Z)

#### Company Directors

Ms. Lim Suat Wah  
Mr. Cheong Aik Hock  
Ms. Lim Sau Hoong

#### Registered Office

80 Bendemeer Road,  
Hyflux Innovation Centre,  
Singapore 339949

8 March 2018

To: The Shareholders of HyfluxShop Holdings Ltd.

#### 1. INTRODUCTION

On 15 February 2018, the Offeror announced, *inter alia*, that she shall make a voluntary unconditional cash offer for the Offer Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

Your attention is drawn to the Offer Document, which sets out, *inter alia*, the terms and conditions of the Offer. **Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.**

The purpose of this letter to Shareholders from the Board, which forms part of this Composite Document, is to provide Shareholders with relevant information pertaining to the Company and to set out the recommendation of the Independent Director in relation to the Offer, together with the IFA Letter from the IFA to the Independent Director containing their advice and recommendation in respect of the Offer.

#### 2. THE OFFER

2.1 **Offer Price.** As stated in the Offeror's Letter, the Offer Price is S\$0.1783 in cash for each Offer Share.

Your attention is also drawn to **paragraph 2.1** and **2.4** of the Offeror's Letter:

"2.1. **Offer Terms.** *The Offer will be extended, on the same terms and conditions, to all Offer Shares.*

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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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2.4. **No Encumbrances.** Pursuant to the Offer, the Offer Shares are to be transferred by the Shareholders to the Offeror:

(a) fully paid;

(b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever ("**Encumbrance**"); and

(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Offeree on or after the Offer Announcement Date.

*If any dividend, other distribution or return of capital is declared, paid or made by the Offeree on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital."*

2.2 **Unconditional Offer.** The Offer will not be subject to any conditions and will be unconditional in all respects.

2.3 **Employees' Share Incentive Scheme.** As at the Latest Practicable Date, no Awards under the HyfluxShop ESIS have been granted since the commencement of the HyfluxShop ESIS. In view of the fact that no Awards have been granted as at the Latest Practicable Date, there are no holders of any Awards to which the Offer is or has to be extended to.

2.4 **Further Details of the Offer.** The Offer is made in accordance with the terms and conditions set out in the Offer Document. Further details on, *inter alia*, (i) the duration of the Offer, (ii) the settlement of the consideration for the Offer, (iii) the requirements relating to the announcement of the level of acceptances of the Offer, and (iv) the right of withdrawal of acceptances of the Offer, are set out in **Appendix 1** to this Composite Document.

**Appendix 2** to this Composite Document sets out the procedures for acceptance of the Offer by a Shareholder.

2.5 **Closing Date.** Shareholders should note that the Offer will close at **5:30 p.m. (Singapore time) on 9 April 2018** or such later date(s) as may be announced from time to time by the Offeror.

### 3. INFORMATION ON THE OFFEROR

3.1 **Information on the Offeror.** Information on the Offeror has been set out in **paragraph 4** of the Offeror's Letter.

## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

- 3.2 **No Material Change of Information.** Details on changes in the information previously published by or on behalf of the Offeror have been extracted from **paragraph 1.11** of **Appendix 4** to this Composite Document and are reproduced below:

*“1.11 **No material change.** Save as disclosed in this Offer Document, there has been no material change in any information previously published by the Offeror during the period commencing from the Possible Offer Announcement Date and ending on the Latest Practicable Date.”*

- 3.3 **Aggregate Holdings.** Details on the holdings in Shares of the Offeror and parties acting in concert with her have been extracted from **paragraph 1.1** of **Appendix 4** to this Composite Document and reproduced below:

*“1.1 **Interests of the Offeror and parties acting in concert with her in Company Securities.** As at the Latest Practicable Date, save as disclosed below, none of the Offeror or any parties acting in concert with her owns, controls or has agreed to acquire any (a) Shares; (b) securities which carry voting rights in the Offeree; or (c) convertible securities, warrants, options and Derivatives in respect of Shares or securities which carry voting rights in the Offeree (collectively, the “**Company Securities**”):*

Name	Number of Shares			
	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Offeror <sup>(1)</sup>	26,735,121	23.8	34,095,074	30.4
Hyflux	34,095,074	30.4	–	–

**Note:**

*(1) The Offeror has a direct interest of 267,351,211 shares in Hyflux, representing approximately 34.1 per cent in Hyflux. Accordingly, the Offeror is deemed to be interested in the 34,095,074 Shares held by Hyflux.”*

#### 4. INFORMATION ON THE COMPANY

- 4.1 **General.** The Company was incorporated in Singapore on 16 August 2017.
- 4.2 **Principal Activities.** The principal business activities, business strategies and future plans of the HyfluxShop Group are focused on the consumer health and wellness segments. The HyfluxShop Group offers a comprehensive range of sustainable and environmentally-friendly water filtration and consumer lifestyle products and has an expanding suite of health and wellness consumer solutions to provide clean drinking water, enhance health and wellness with oxygen-rich water as well as provide nutritional supplements to complement the modern lifestyle.
- 4.3 **Employees’ Share Incentive Scheme.** As at the Latest Practicable Date, the Offeree has in place the HyfluxShop ESIS, the terms of which were approved at an extraordinary general meeting of the Offeree on 12 February 2018 pursuant to which the Offeree may grant the Awards. However, no Awards under the HyfluxShop ESIS have been granted since the commencement of the HyfluxShop ESIS. Further details of the HyfluxShop ESIS are set out in paragraph 5 of the Hyflux Circular.

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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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- 4.4 **Preference Shares.** As at the Latest Practicable Date, the Offeree has issued 20,000,000 HyfluxShop Preference Shares to Hyflux, a party acting in concert with the Offeror, amounting to S\$20.0 million in aggregate liquidation preference of the HyfluxShop Preference Shares at the issue price of S\$1 for each HyfluxShop Preference Share. The HyfluxShop Preference Shares have no maturity date and will not be redeemable at the option of the holder(s) of HyfluxShop Preference Shares. The Offeree may, at its sole discretion, redeem the HyfluxShop Preference Shares for cash, in whole or in part (on a pro rata basis), under certain circumstances, subject to the Constitution and certain limitations. In the event of a commencement of any dissolution or winding-up of the Offeree (other than pursuant to a “Permitted Reorganisation” as defined in the Constitution) before any redemption of HyfluxShop Preference Shares, the HyfluxShop Preference Shares shall rank, *inter alia*, senior to the Shares and any other securities or obligations of the Offeree that are subordinated to the HyfluxShop Preference Shares. Further details of the HyfluxShop Preference Shares are set out in paragraph 3 of the Hyflux Circular.
- 4.5 **Listing Plans.** Per paragraph 2.7 of the Hyflux Circular, assuming its future growth performance is on track and market conditions of the capital markets are favourable, the HyfluxShop Group is expected to be in a position to consider the Proposed Listing or other liquidity events to unlock value for the Shareholders. Nevertheless, Shareholders should note that the Proposed Listing is a future plan which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the HyfluxShop Group to be different from expected. As such, there is a risk that the HyfluxShop Group may not be able to implement such future plans successfully.

Please refer to **Appendix B** to this Composite Document for additional information and disclosures relating to the Company.

### 5. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS FOR THE COMPANY

Information relating to the rationale for the Offer and the Offeror’s intentions for the Company has been extracted from **paragraph 6.1** and **6.2** of the Offeror’s Letter and reproduced below. **Shareholders are advised to read paragraph 6.1** and **6.2** of the Offeror’s Letter and the extract below carefully.

- “6.1. **Rationale.** *Following the Actual Date of Completion and prior to the Proposed Listing, Shareholders are holding shares in a public Singapore company that are not quoted on the Official List of the SGX-ST, any securities exchange or any other regulated markets. Accordingly, the Offer provides an avenue for Shareholders to sell their unlisted Shares without having to search for willing purchasers.*
- 6.2. **Offeror’s Future Plans for the Offeree.** *It is the intention of the Offeror to carry on the existing business of the Offeree, and the Offeror presently has no intention, save in the ordinary course of the business, to (a) introduce any major changes to the business of the Offeree, (b) re-deploy the fixed assets of the Offeree or (c) discontinue the employment of the employees of the Offeree. However, the Offeror retains the flexibility at any time to consider any options in relation to the Offeree which may present themselves and which the Offeror may regard to be in the interest of the Offeree.”*

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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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### 6. NO COMPULSORY ACQUISITION

Information relating to the Offeror's right of compulsory acquisition has been extracted from **paragraph 6.3** of the Offeror's Letter and reproduced below. Shareholders are advised to read **paragraph 6.3** of the Offeror's Letter and the extract below carefully.

"6.3. **No Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offer involves the transfer of all of the Shares and if the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares) as at the close of the Offer (other than those already held by the Offeror as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer during the Offer Period (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer, if any.

*Pursuant to Section 215(3) of the Companies Act, the Dissenting Shareholders, if any, have the right to require the Offeror to acquire their Shares on the same terms as those offered under the Offer in the event that the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares) as at the close of the Offer. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude Shares held by the Offeror as at the date of the Offer.*

Since the Offer does not extend to the Shares owned, controlled or agreed to be acquired by parties acting in concert with the Offeror<sup>1</sup>:

- (a) the Offeror will not become entitled to the right under Section 215(1) of the Companies Act to compulsorily acquire any Shares of the Dissenting Shareholders; and
- (b) the Dissenting Shareholders, if any, will not become entitled to exercise the right under Section 215(3) of the Companies Act to require the Offeror to acquire any of their Shares."

### 7. ADVICE OF IFA

7.1 **IFA.** XCPL has been appointed as the independent financial adviser to advise the Independent Director in respect of the Offer. Shareholders should consider carefully the recommendation of the Independent Director and the advice and recommendation of the IFA to the Independent Director before deciding whether to accept or reject the Offer. The IFA's advice and recommendation are set out in its letter dated 8 March 2018, which is set out in **Appendix A** to this Composite Document ("**IFA Letter**").

7.2 **IFA's Advice and Recommendation to the Independent Director.** The advice and recommendation of the IFA to the Independent Director in respect of the Offer is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

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<sup>1</sup> As set out in Appendix 4 to this Composite Document, parties acting in concert with the Offeror hold approximately 30.4% of the Shares.

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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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*“Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

*We set out below a summary of the key factors we have taken into our consideration:*

- (a) the Company is an unlisted public company and its Shares are not quoted or traded on SGX-ST or on any other stock exchange. Hence, Shareholders may face difficulties in selling their Shares due to the absence of a public market. The Offer therefore provides the Shareholders with an opportunity to exit from their investments in the Company;*
- (b) the financial performance of the HyfluxShop Group, with loss before tax increasing from S\$6.0 million in FY2016 to S\$10.4 million in FY2017. Although the HyfluxShop Group’s increasing loss before tax was mainly due to the expansion and development of its products and services, there is no certainty that the HyfluxShop Group will become profitable in the immediate term;*
- (c) the Offer Price represents a premium of approximately 7.0% to the NAV per Share (that is, P/NAV ratio of 1.07 times);*
- (d) the P/NAV ratio of the HyfluxShop Group, as implied by the Offer Price and the NAV per Share, is within the range of the Comparable Companies. Although the P/NAV ratio of the HyfluxShop Group is below the mean P/NAV ratios of the Comparable Companies, the Comparable Companies are listed entities and profitable;*
- (e) P/NAV ratio of the HyfluxShop Group, as implied by the Offer Price and the NAV per Share, is within the range, equal to the mean and above the median P/NAV ratios of Recent Transactions;*
- (f) the Company did not declare any dividends since its incorporation; and*
- (g) other considerations as set out in paragraph 7.9 of this IFA Letter.*

***After taking into account the above factors, we are of the opinion that, as of the date hereof, the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Independent Director to recommend to the Shareholders to ACCEPT the Offer.***

*In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Director should advise Shareholders that the opinion and advice of Xandar Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.*



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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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*This IFA Letter is addressed to the Independent Director for her benefit, in connection with and for the purpose of her consideration of the terms of the Offer, and the recommendation made by her to the Shareholders shall remain the responsibility of the Independent Director.”*

**Shareholders should read and consider carefully the considerations relied upon by the IFA in arriving at its advice to the Independent Director, in conjunction with and in the context of the full text of the IFA Letter.**

### 8. RECOMMENDATION OF THE INDEPENDENT DIRECTOR

8.1 **Exemption relating to Company Directors’ Recommendation.** On 2 March 2018, the SIC exempted the Excluded Directors from the requirement to make a recommendation on the Offer to the Shareholders as they face a conflict of interest in relation to the Offer for the reasons set out below:

- (i) **Ms. Lim Suat Wah:** In addition to her role as a director of the Company, Ms. Lim Suat Wah is also an Executive Vice President and the Chief Financial Officer of Hyflux. She is part of the key management committee of Hyflux responsible for driving the Hyflux Group’s strategic vision and part of the team that formulates plans to achieve business goals, create the conditions for successful day-to-day operations and deliver long-term value for the Hyflux stakeholders.
- (ii) **Mr. Cheong Aik Hock:** In addition to his role as a director of the Company, Mr. Cheong Aik Hock is also an Executive Vice President of Hyflux. He is part of the key management committee of Hyflux responsible for driving the Hyflux Group’s strategic vision and part of the team that formulates plans to achieve business goals, create the conditions for successful day-to-day operations and deliver long-term value for the Hyflux stakeholders.

8.2 **Scope of Responsibility.** All the Company Directors (including, for the avoidance of doubt, the Independent Director and the Excluded Directors) are jointly and severally responsible for the accuracy of facts stated, opinions expressed (save for the recommendation of the Independent Director which shall remain the sole responsibility of the Independent Director) and the completeness of the information given by the Company to the Shareholders on the Offer, including information contained in documents, announcements and advertisements issued by or on behalf of the Company in connection with the Offer.

8.3 **Recommendation of the Independent Director.** The Independent Director, having considered carefully the terms and conditions of the Offer and the advice given and recommendation made by the IFA in the IFA Letter (as set out in **Appendix A** to this Composite Document) including the key factors as set out at paragraph 8 of the IFA Letter, concurs with the advice and recommendation of the IFA in respect of the Offer. Accordingly, the Independent director recommends that the Shareholders **ACCEPT the Offer**.

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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS COMPOSITE DOCUMENT IN ITS ENTIRETY BEFORE DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SHAREHOLDERS ARE FURTHER ADVISED THAT THE OPINION AND ADVICE OF THE IFA SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER.

- 8.4 **No Regard to Specific Objectives.** In making her recommendation, the Independent Director has not had regard to the general or specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Independent Director recommends that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

### 9. OVERSEAS SHAREHOLDERS

Information in relation to Overseas Shareholders has been set out in **paragraph 10** of the Offeror's Letter.

### 10. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Information in relation to CPFIS Investors and SRS Investors has been set out in **paragraph 9** of the Offeror's Letter.

### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than **5:30 p.m. (Singapore time) on 9 April 2018 or such later date(s) as may be announced from time to time by the Offeror**, abiding by the procedures for the acceptance of the Offer as set out in **Appendix 2** to this Composite Document, the FAA and/or the FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than **5:30 p.m. (Singapore time) on 9 April 2018 or such later date(s) as may be announced from time to time by the Offeror**.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Composite Document, the FAA and/or the FAT which have been sent to them.

Shareholders are advised to read the Offer Document, the FAA and/or the FAT carefully for full details relating to the Offer.

### 12. COMPANY DIRECTORS' RESPONSIBILITY STATEMENT

The Company Directors (including those who have delegated detailed supervision of this Offeree's Circular, comprising this letter to Shareholders from the Board and **Appendices A to D** to this Composite Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offeree's Circular (excluding any information



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## PART 2: LETTER TO SHAREHOLDERS FROM THE BOARD

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relating to or opinions expressed by the Offeror, persons acting in concert with her, the Offer, and/or the IFA Letter) are fair and accurate, and confirm having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed have been arrived at after due and careful consideration and, where appropriate, that no material facts have been omitted from this Offeree's Circular, the omission of which would make any statement in this document misleading, and they jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and any other announcements made by or on behalf of the Offeror), the sole responsibility of the Company Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Offeree's Circular.

In respect of the IFA Letter issued by the IFA referred to in **Appendix A**, the sole responsibility of the Company Directors has been to ensure that the information relating to the HyfluxShop Group is fair and accurate. Save as otherwise set out above or expressed in any of the aforementioned, the Company Directors do not accept any responsibility for any information relating to or opinions expressed by the IFA or the Offeror, whether in **Appendix A** to this Composite Document, in the Offer Document or otherwise.

As set out in **paragraph 8.1** above, Ms. Lim Suat Wah and Mr. Cheong Aik Hock have been exempted by the SIC from making, and assuming responsibility for, any recommendation to Shareholders in respect of the Offer.

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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8 March 2018

**HYFLUXSHOP HOLDINGS LTD.**

80 Bendemeer Road  
Hyflux Innovation Centre  
Singapore 339949

**Attention: The Independent Director**

Dear Sir

**LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTOR OF HYFLUXSHOP HOLDINGS LTD. IN RELATION TO THE VOLUNTARY UNCONDITIONAL CASH OFFER BY MS. LUM OOI LIN (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF HYFLUXSHOP HOLDINGS LTD., OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY MS. LUM OOI LIN AND PARTIES ACTING IN CONCERT WITH HER**

*Unless otherwise defined or the context otherwise requires, all terms used in this IFA Letter shall have the same meanings as defined in the composite document to shareholders of the Company dated 8 March 2018 (“Composite Document”).*

### 1. INTRODUCTION

On 15 February 2018, the Offeror announced, *inter alia*, that she shall make a voluntary unconditional cash offer for the Offer Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

The Offer Document setting out the full terms and conditions of the Offer forms part of the Composite Document.

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed by the Company to act as the IFA to the Independent Director, being Ms Lim Sau Hoong, in relation to the Offer.

This IFA Letter sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer, and forms part of the Composite Document which provides, *inter alia*, the details of the Offer and the recommendation of the Independent Director in respect thereof.

### 2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Independent Director on whether the financial terms of the Offer are fair and reasonable.

Our evaluation is limited to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic or commercial and/or risks or merits (if any) of the Offer. We have not relied on any financial projections or forecasts in respect of the HyfluxShop Group. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the HyfluxShop Group after the close of the Offer. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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We are not and were not involved in any aspect of the negotiations pertaining to the Offer or any other offers, if any. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives can be achieved or are or will be available in future. We have also not conducted any review of the business, operations or financial condition of the Company and the HyfluxShop Group.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Composite Document. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. The Directors have jointly and severally accepted full responsibility for the accuracy, completeness and adequacy of all such information and representations as provided and made by the aforesaid parties as contained herein.

We have relied on the assurance of the Directors (including those who have delegated detailed supervision of the Offeree's Circular, comprising the letter to Shareholders from the Board and **Appendices A to D** to the Composite Document) who have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Offeree's Circular (excluding any information relating to or opinions expressed by the Offeror, persons acting in concert with her, the Offer, and/or the IFA Letter) are fair and accurate, and confirm having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed have been arrived at after due and careful consideration and, where appropriate, that no material facts have been omitted from the Offeree's Circular, the omission of which would make any statement in the Offeree's Circular misleading, and they jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and any other announcements made by or on behalf of the Offeror), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in the Offeree's Circular. In respect of this IFA Letter, the sole responsibility of the Directors has been to ensure that the information relating to the HyfluxShop Group is fair and accurate.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real property) of the HyfluxShop Group.

Our opinion is based on prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us that is contained in the Composite Document as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Offer, which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

This IFA Letter is for the use and benefit of the Independent Director in connection with and for the purpose of her consideration of the Offer and the recommendation made by the Independent Director shall remain her responsibility.

The Company has been separately advised by its own advisers in the preparation of the Offeree's Circular (other than the IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Offeree's Circular (other than the IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Offeree's Circular (other than the IFA Letter).

Our opinion in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Offeree's Circular.

We recommend that the Independent Director advise Shareholders to read these pages carefully.

### 3. THE OFFER

3.1 **Offer Price.** As stated in the Offeror's Letter, the Offer Price is S\$0.1783 in cash for each Offer Share.

Other salient information on the Offer, found in paragraph 2 of the Offeror's Letter, is set out as follows:

3.2 **Offer Terms.** The Offer will be extended, on the same terms and conditions, to all Offer Shares.

3.3 **No Encumbrances.** Pursuant to the Offer, the Offer Shares are to be transferred by the Shareholders to the Offeror:

- (a) fully paid;
- (b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Offeree on or after the Offer Announcement Date.

If any dividend, other distribution or return of capital is declared, paid or made by the Offeree on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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- 3.4 **Unconditional Offer.** The Offer will not be subject to any conditions and will be unconditional in all respects.
- 3.5 **Employees' Share Incentive Scheme.** As at the Latest Practicable Date, no Awards under the HyfluxShop ESIS have been granted since the commencement of the HyfluxShop ESIS. In view of the fact that no Awards have been granted as at the Latest Practicable Date, there are no holders of any Awards to which the Offer is or has to be extended to.
- 3.6 **Further Details of the Offer.** The Offer is made in accordance with the terms and conditions set out in the Offer Document. Further details on, *inter alia*, (i) the duration of the Offer, (ii) the settlement of the consideration for the Offer, (iii) the requirements relating to the announcement of the level of acceptances of the Offer, and (iv) the right of withdrawal of acceptances of the Offer, are set out in Appendix 1 to the Composite Document.
- 4. INFORMATION ON THE COMPANY**
- 4.1 **General.** The Company was incorporated in Singapore on 16 August 2017.
- 4.2 **Issued Shares.** As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$40,000,002 comprising 112,183,568 issued and paid-up Shares and 20,000,000 issued and paid up HyfluxShop Preference Shares.
- 4.3 **Principal Activities.** The principal business activities, business strategies and future plans of the HyfluxShop Group are focused on the consumer health and wellness segments. The HyfluxShop Group offers a comprehensive range of sustainable and environmentally-friendly water filtration and consumer lifestyle products and has an expanding suite of health and wellness consumer solutions to provide clean drinking water, enhance health and wellness with oxygen-rich water as well as provide nutritional supplements to complement the modern lifestyle.
- 4.4 **Employees' Share Incentive Scheme.** As at the Latest Practicable Date, the Offeree has in place the HyfluxShop ESIS, the terms of which were approved at an extraordinary general meeting of the Offeree on 12 February 2018 pursuant to which the Offeree may grant Awards. However, no Awards under the HyfluxShop ESIS have been granted since the commencement of the HyfluxShop ESIS. Further details of the HyfluxShop ESIS are set out in paragraph 5 of the Hyflux Circular.
- 4.5 **Preference Shares.** As at the Latest Practicable Date, the Offeree has issued 20,000,000 HyfluxShop Preference Shares to Hyflux, a party acting in concert with the Offeror, amounting to S\$20.0 million in aggregate liquidation preference of the HyfluxShop Preference Shares at the issue price of S\$1 for each HyfluxShop Preference Share. The HyfluxShop Preference Shares have no maturity date and will not be redeemable at the option of the holder(s) of HyfluxShop Preference Shares. The Offeree may, at its sole discretion, redeem the HyfluxShop Preference Shares for cash, in whole or in part (on a pro rata basis), under certain circumstances, subject to the Constitution of the Offeree and certain limitations. In the event of a commencement of any dissolution or winding-up of the Offeree (other than pursuant to a "Permitted Reorganisation" as defined in the Constitution) before any redemption of HyfluxShop Preference Shares, the HyfluxShop Preference Shares shall rank, *inter alia*, senior to the Shares and any other securities or obligations of the Offeree that are subordinated to the HyfluxShop Preference Shares. Further details of the HyfluxShop Preference Shares are set out in paragraph 3 of the Hyflux Circular.

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- 4.6 **Listing Plans.** Per paragraph 2.7 of the Hyflux Circular, assuming its future growth performance is on track and market conditions of the capital markets are favourable, the HyfluxShop Group is expected to be in a position to consider the Proposed Listing or other liquidity events to unlock value for the Shareholders. Nevertheless, Shareholders should note that the Proposed Listing is a future plan which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the HyfluxShop Group to be different from expected. As such, there is a risk that the HyfluxShop Group may not be able to implement such future plans successfully.

Please refer to **Appendix B** to the Composite Document for additional information and disclosures relating to the Company.

### 5. INFORMATION ON THE OFFEROR

The Offeror is the Executive Chairman and Group Chief Executive Officer of Hyflux and a controlling shareholder of Hyflux. The Offeror started Hydrochem (S) Pte Ltd, the precursor to Hyflux and has been managing the Hyflux Group for close to 30 years and has a wealth of experience in the water treatment and desalination industries.

As at the Latest Practicable Date, the Offeror holds 26,735,121 Shares, representing approximately 23.8% of the Shares in issue as at the Latest Practicable Date. As at the Latest Practicable Date, the Offeror and her concert party hold an aggregate of 60,830,195 Shares, representing approximately 54.2% of the Shares in issue as at the Latest Practicable Date.

### 6. THE RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTION FOR THE COMPANY

- 6.1 **Rationale.** Following the Actual Date of Completion and prior to the Proposed Listing, Shareholders are holding shares in a public Singapore company that are not quoted on the Official List of the SGX-ST, any securities exchange or any other regulated markets. Accordingly, the Offer provides an avenue for Shareholders to sell their unlisted Shares without having to search for willing purchasers.
- 6.2. **Offeror's Future Plans for the Offeree.** It is the intention of the Offeror to carry on the existing business of the Offeree, and the Offeror presently has no intention, save in the ordinary course of the business, to (a) introduce any major changes to the business of the Offeree, (b) re-deploy the fixed assets of the Offeree or (c) discontinue the employment of the employees of the Offeree. However, the Offeror retains the flexibility at any time to consider any options in relation to the Offeree which may present themselves and which the Offeror may regard to be in the interest of the Offeree.

### 7. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) no market quotation of the Shares;
- (b) the financial performance of the HyfluxShop Group;

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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- (c) the financial position of the HyfluxShop Group;
- (d) the valuation of the HyfluxShop Group implied by the Offer Price versus the valuation of companies comparable to the HyfluxShop Group;
- (e) comparison with recent relevant transactions;
- (f) the dividend track record of the Company; and
- (g) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

### ***Valuation multiple***

For the purposes of our analysis, we have applied the following valuation measure:

<b>Valuation measures</b>	<b>General description</b>
<b>Price to NAV (“P/NAV”)</b>	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its net asset value (“NAV”) as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

### **7.1 No market quotation of the Shares**

The Company is currently an unlisted public company. The Shares are therefore not quoted or traded on the SGX-ST or on any other stock exchange. There is therefore no public platform to facilitate the trading of the Shares. Minority Shareholders may face difficulties in selling their Shares due to the absence of a public market if they wish to exit from their investments in the Company.

As at the Latest Practicable Date, the total number of Shares owned and controlled by the Offeror and parties acting in concert with her was 60,830,195 Shares, representing approximately 54.2% of the total issued Shares.

As the Shares are not quoted or traded on any stock exchange, we are not able to evaluate or compare the Offer Price against any market quotation, unlike the shares of a publicly listed company.



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### 7.2 The financial performance of the HyfluxShop Group

Further details on the basis of preparation and compilation of the unaudited pro forma combined financial information of the HyfluxShop Group are set out in **Section 7 of Appendix B** to the Composite Document.

We set out the summary of the unaudited pro forma combined financial information of the HyfluxShop Group as follows:

S\$'000	FY2016	FY2017
Total revenue	4,387	5,066
Loss before tax	(6,045)	(10,407)
Loss after tax attributable to equity holders of the Company	(3,309)	(6,353)

Revenue increased by 15.5% from S\$4.4 million in FY2016 to S\$5.1 million in FY2017 contributed by increase in sales of the HyfluxShop Group's ELO products as well as the opening of additional bath facility.

However, the HyfluxShop Group's loss before tax increased from S\$6.0 million in FY2016 to S\$10.4 million in FY2017 due to increase in expenses for marketing and distribution, administration and research and development following the opening of additional bath facility and investment in clinical trials to ascertain the efficacy of HyfluxShop Group's ELO products.

HyfluxShop Group reported loss after tax attributable to equity holders of the Company of S\$3.3 million and S\$6.4 million in FY2016 and FY2017 respectively after tax relief of S\$1.1 million and S\$1.8 million in FY2016 and FY2017 respectively.

As the HyfluxShop Group was loss-making and had negative earnings before interest, tax, depreciation and amortisation ("EBITDA") in FY2017, it was not meaningful to evaluate other valuation ratios such as the price-to-earnings or enterprise value-to-EBITDA ratios.

### 7.3 The Financial Position of the HyfluxShop Group

Further details on the basis of preparation and compilation of the unaudited pro forma combined financial information of the HyfluxShop Group are set out in **Section 7 of Appendix B** to the Composite Document.

We set out the summary of the unaudited pro forma combined statement of financial position of HyfluxShop Group as follows:

S\$'000	31 December 2016	31 December 2017
Current assets	27,819	27,989
Current liabilities	5,793	11,593
Net current assets	22,026	16,396



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<b>S\$'000</b>	<b>31 December 2016</b>	<b>31 December 2017</b>
Non-current assets	16,335	18,956
Non-current liabilities	32	5
NAV (including NCI and HyfluxShop Preference Shares)	38,329	35,347
Less: Negative NCI	1,671	3,350
NAV (excluding NCI and including HyfluxShop Preference Shares)	40,000	38,697
Less: HyfluxShop Preference Shares	20,000	20,000
NAV	20,000	18,697

*31 December 2016*

As at 31 December 2016, the HyfluxShop Group had total assets of S\$44.1 million, mainly comprising cash and cash equivalent of S\$14.9 million, investment in associate, namely, 30% stake in consumer water technology company, Kaqun Europe which is an unlisted entity, of S\$11.0 million and property, plant and equipment of S\$3.5 million. The acquisition of Kaqun Europe with investment cost of US\$8.0 (approximately S\$11.0 million) was assumed completed as at 31 December 2016.

Total liabilities as at 31 December 2016 was S\$5.8 million, mainly comprising amount due to related companies (non-trade) of S\$3.4 million.

After excluding NCI and HyfluxShop Preference Shares of S\$20,000,000, the HyfluxShop Group had an NAV of S\$20.0 million. Based on the Company's issued and paid-up capital comprising 112,183,568 Shares, the NAV per Share is S\$0.1783.

*31 December 2017*

As at 31 December 2017, the HyfluxShop Group had total assets of S\$46.9 million, mainly comprising cash and cash equivalent of S\$16.1 million, investment in associate, namely, 30% stake in consumer water technology company, Kaqun Europe, which is an unlisted entity, of S\$11.0 million and property, plant and equipment of S\$4.9 million. The acquisition of Kaqun Europe with investment cost of US\$8.0 (approximately S\$11.0 million) was assumed completed as at 31 December 2017.

Total liabilities as at 31 December 2017 was S\$11.6 million, mainly comprising amount due to related companies (non-trade) of S\$9.2 million.

After excluding NCI and HyfluxShop Preference Shares of S\$20,000,000, the HyfluxShop Group had an NAV of S\$18.7 million. Based on the Company's issued and paid-up capital comprising 112,183,568 Shares, the NAV per Share is S\$0.1667.

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We note from **Section 8 of Appendix B** of the Composite Document that, as at the Latest Practicable Date, save (a) as disclosed in the Composite Document (including the unaudited pro forma combined financial information of the HyfluxShop Group for FY2016 and FY2017; and (b) for any information on the Company released by the Company on its corporate website ([www.hyfluxshop.com](http://www.hyfluxshop.com)), there has been no known material change in the financial position of the Company since 31 December 2017, being the date of the last unaudited pro forma combined financial information of the HyfluxShop Group.

### **Financial ratios implied by the Offer Consideration**

Based on the NAV of the HyfluxShop Group of S\$18.7 million as at 31 December 2017, the P/NAV ratio of the HyfluxShop Group implied by the Offer Price is 1.07 times.

### **7.5 The valuation of the HyfluxShop Group implied by the Offer Price versus the valuation of companies broadly comparable to the HyfluxShop Group**

The HyfluxShop Group's principal business activities are focused on consumer health and wellness segments. The HyfluxShop Group offers a comprehensive range of sustainable and environmentally-friendly water filtration and consumer lifestyle products and has an expanding suite of health and wellness consumer solutions to provide clean drinking water, enhance health and wellness with oxygen-rich water as well as provide nutritional supplements to complement the modern lifestyle. Comparison is therefore made to listed companies whose businesses are broadly comparable to the HyfluxShop Group ("**Comparable Companies**") to assess the Offer Price in relation to the valuation of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date.

We had discussions with management about the suitability and reasonableness of the Comparable Companies. We wish to highlight that the Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the HyfluxShop Group in terms of location, business activities, customer base, size of operations, asset base, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria.

In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

A brief description of the Comparable Companies is set out below:

Name of companies	Listing location	Brief business description	Market capitalisation (S\$'million) <sup>(1)</sup>
Haw Par Corporation Ltd (“Haw Par”)	Singapore	Haw Par is an investment holding company whose subsidiaries manufacture, market and trade healthcare products under the “Tiger” and “Kwan Loong” brand names. The company also manufactures dietary supplements and pharmaceuticals, and operates recreational centers. Haw Par invests in properties and securities	2,666.5
Camsing Healthcare Ltd (“Camsing Healthcare”)	Singapore	Camsing Healthcare is an investment holding company. The company, through its subsidiaries, distributes and retails health supplements and foods in Singapore, Brunei and China	25.8

Source: Bloomberg Finance L.P.

**Note:**

(1) Market capitalisation of the Comparable Companies is based on their respective closing prices and outstanding number of shares as at the Latest Practicable Date as extracted from Bloomberg.

Nevertheless, Shareholders should note that such comparison only serves as illustration and conclusions drawn from such comparison may not necessary reflect the implied market valuation of the Company. Further, the Comparable Companies may not be directly comparable to the HyfluxShop Group in terms of the mode and scale of operations, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria.

We set out the comparison as follows:

Comparable Companies	Net Profit/(Loss) <sup>(1)</sup> (S\$'million)	P/NAV <sup>(2)</sup> (times)
Haw Par	125.5	0.83
Camsing Healthcare	1.98	2.47
Maximum		2.47
Minimum		0.83
Mean		1.65
HyfluxShop Group (Based on the Offer Price and NAV)	(6.4)	1.07

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

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### Notes:

- (1) The net profit attributable to shareholders in the most recent last twelve months (“LTM”) compiled from the respective companies’ financial results.
- (2) The P/NAV ratios of the Comparable Companies are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the most recent NAV attributable to shareholders as announced by the respective companies.

For illustrative purpose only, based on the above ratio analysis, we note that the P/NAV of the HyfluxShop Group, as implied by the Offer Price, are within the range and below the mean P/NAV ratios of the Comparable Companies. Nevertheless, Shareholders should note that the Company is an unlisted public company and shares of an unlisted company is typically subject to liquidity discount vis-à-vis its listed peers. Moreover, the Comparable Companies are profitable whilst the HyfluxShop Group was loss-making and had negative EBITDA in FY2017. Hence, it was not meaningful to evaluate other valuation ratios such as the price-to-earnings or enterprise value-to-EBITDA ratios.

### 7.6 Comparison with recent relevant transactions

For the purposes of our evaluation of the Offer and in light of the above stated intention of the Offeror, we have compared the financial terms of the Offer against the relevant financial terms of selected successful relevant transactions that were announced and completed recently, which were carried out either by way of: (i) general take-over offers under the Code; or (ii) voluntary delisting exit offers under Rule 1307 of the listing manual of the SGX-ST (“Recent Transactions”). Furthermore, as the Company is an unlisted public company and its Shares are not traded publicly, comparison of the Offer Price against the trading market prices of the Recent Transactions will not be relevant for this purpose.

We wish to highlight that the list of companies involved in the Recent Transactions as set out in the analysis below may not be directly comparable to the Company in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. In addition, the list of Recent Transactions is by no means exhaustive and information relating to the Recent Transactions was compiled from publicly available information. Therefore, any comparison with the Recent Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative *premia* or discounts for the transactions.

	Announcement date	Type <sup>(29)</sup>	P/NAV (times)
China Yongsheng Limited <sup>(1)</sup>	24-Feb-16	VGO	0.7
Xinren Aluminium Holdings Limited <sup>(2)</sup>	25-Feb-16	VGO	1.5
OSIM International Ltd <sup>(3)</sup>	07-Mar-16	VGO	2.6
Select Group Limited <sup>(4)</sup>	23-Mar-16	VGO	3.0
Xyec Holdings Co., Ltd <sup>(5)</sup>	29-Mar-16	VD	1.3
Pteris Global Limited <sup>(6)</sup>	21-Apr-16	VGO	1.1
China Merchants Holdings (Pacific) Limited <sup>(7)</sup>	9-May-16	VGO	1.1
Eu Yan Sang International Ltd <sup>(8)</sup>	16-May-16	VGO	1.7

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	Announcement date	Type <sup>(29)</sup>	P/NAV (times)
Otto Marine Limited <sup>(9)</sup>	8-Jun-16	VD	0.8
Sim Lian Group Limited <sup>(10)</sup>	8-Aug-16	VGO	0.8
China Minzhong Food Corporation Limited <sup>(11)</sup>	6-Sep-16	VGO	0.7
Aztech Group Ltd. <sup>(12)</sup>	20-Sep-16	VD	0.4
China New Town Development Company Limited <sup>(13)</sup>	18-Oct-16	VD	0.8
China Auto Electronics Group Limited <sup>(14)</sup>	24-Oct-16	MGO	1.1
Super Group Ltd <sup>(15)</sup>	3-Nov-16	VGO	2.7
Advanced Integrated Manufacturing Corp. Ltd. <sup>(16)</sup>	24-Nov-16	VD	0.6
Sunmart Holdings <sup>(17)</sup>	30-Nov-16	VD	0.8
Auric Pacific Group Limited <sup>(18)</sup>	7-Feb-17	VGO	1.2
Global Premium Hotels Limited <sup>(19)</sup>	23-Feb-17	VGO	0.5
Kingboard Copper Foil Holdings Limited <sup>(20)</sup>	3-Mar-17	VGO	0.6
Spindex Industries Limited <sup>(21)</sup>	3-Mar-17	MGO	1.0
Top Global Limited <sup>(22)</sup>	28-Mar-17	VGO	0.3
CWT Limited <sup>(23)</sup>	9-Apr-17	VGO	1.5
Nobel Design Holdings Ltd <sup>(24)</sup>	2-May-17	MGO	0.7
Changtian Plastic & Chemical Limited <sup>(25)</sup>	29-May-17	VGO	0.4
China Flexible Packaging Holdings Limited <sup>(26)</sup>	19-Jun-17	VGO	0.6
GP Batteries Limited <sup>(27)</sup>	10-Aug-17	VGO	0.8
Maximum			3.0
Minimum			0.3
Mean			1.1
Median			0.8
<b>HyfluxShop Group<sup>(28)</sup></b> (Based on the Offer Price and NAV)		VGO	1.1

**Notes:**

- (1) Based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015.
- (2) Based on the revalued NAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015.
- (3) Based on the final offer price of S\$1.41 per share on a cum-dividend basis announced on 5 April 2016 and the audited NAV per share of OSIM International Ltd as at 31 December 2015.
- (4) Based on the NAV per share of Select Group Limited as at 31 December 2015.
- (5) Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015.
- (6) Based on the final offer price and RNAV per share of Pteris Global Limited as at 31 March 2016.
- (7) Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016.

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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- (8) Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016.
- (9) Based on the revalued NAV per share of Otto Marine Limited as at 31 March 2016.
- (10) Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016.
- (11) Based on the NAV per share of China Minzhong Food Corporation Limited as at 30 September 2016.
- (12) Based on the RNAV per share of Aztech Group Ltd. as at 30 June 2016.
- (13) Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016.
- (14) Based on the NAV per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016.
- (15) Based on the NAV per share of Super Group Ltd as at 31 December 2016.
- (16) Based on the RNAV per share of Advanced Integrated Manufacturing Corp. Ltd. As at 30 September 2016.
- (17) Based on the RNAV per share of Sunmart Holdings Limited as at 30 September 2016.
- (18) Based on the RNAV per share of Auric Pacific Group Limited as at 31 December 2016.
- (19) Based on the RNAV per share of Global Premium Hotels Limited as at 31 December 2016.
- (20) Based on the RNAV per share of Kingboard Copper Foil Holdings Limited as at 31 December 2016.
- (21) Based on the RNAV per share of Spindex Industries Limited as at 31 December 2016.
- (22) Based on the RNAV per share of Top Global Limited as at 31 December 2016.
- (23) Based on the NAV per share of CWT Ltd as at 30 September 2017.
- (24) Based on the RNAV per share of Nobel Design Holdings Ltd as at 31 March 2017.
- (25) Based on the RNAV per share of Changtian Plastic & Chemical Limited as at 31 March 2017.
- (26) Based on the RNAV per share of China Flexible Packaging Holdings Limited as at 30 April 2017.
- (27) Based on the RNAV per share of GP Batteries Ltd as at 30 June 2017.
- (28) Based on the NAV of HyfluxShop as at 31 December 2017.
- (29) VGO – Voluntary General Offer, VD – Voluntary Delisting, MGO – Mandatory General Offer

We note that the P/NAV ratio of the HyfluxShop Group, as implied by the Offer Price and the NAV of the HyfluxShop Group, is within the range, equal to the mean and above the median P/NAV ratios of Recent Transactions.

### 7.8 Dividend track record of the Company

The Company did not declare any dividends since its incorporation.

### 7.9 Other considerations

In determining assessing the Offer, we have also considered the following:

#### No alternative offer

There is no publicly available evidence of any alternative offer for the Shares or the Company from any third party. The Directors have confirmed that, as the Latest Practicable Date, apart from the Offer proposed by the Offeror, no competing offer or revision of the Offer has been received.

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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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### No Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offer involves the transfer of all of the Shares and if the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares) as at the close of the Offer (other than those already held by the Offeror as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer during the offer period (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer, if any.

Pursuant to Section 215(3) of the Companies Act, the Dissenting Shareholders, if any, have the right to require the Offeror to acquire their Shares on the same terms as those offered under the Offer in the event that the Offeror receives valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares) as at the close of the Offer. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude Shares held by the Offeror as at the date of the Offer.

Since the Offer does not extend to the Shares owned, controlled or agreed to be acquired by parties acting in concert with the Offeror:

- (a) the Offeror will not become entitled to the right under Section 215(1) of the Companies Act to compulsorily acquire any Shares of the Dissenting Shareholders; and
- (b) the Dissenting Shareholders, if any, will not become entitled to exercise the right under Section 215(3) of the Companies Act to require the Offeror to acquire any of their Shares.

### Offeror’s future plans for the HyfluxShop Group

As set out in Paragraph 6 of the Offer Document, the Offeror intends to carry on the existing business of the Company to continue with its existing activities and the Offeror has no intention, save in the ordinary course of the business, to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the HyfluxShop Group.

The Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the best interest of the Company and/or the HyfluxShop Group.

## 8. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.



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## APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

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We set out below a summary of the key factors we have taken into our consideration:

- (a) the Company is an unlisted public company and its Shares are not quoted or traded on SGX-ST or on any other stock exchange. Hence, Shareholders may face difficulties in selling their Shares due to the absence of a public market. The Offer therefore provides the Shareholders with an opportunity to exit from their investments in the Company;
- (b) the financial performance of the HyfluxShop Group, with loss before tax increasing from S\$6.0 million in FY2016 to S\$10.4 million in FY2017. Although the HyfluxShop Group's increasing loss before tax was mainly due to the expansion and development of its products and services, there is no certainty that the HyfluxShop Group will become profitable in the immediate term;
- (c) the Offer Price represents a premium of approximately 7.0% to the NAV per Share (that is, P/NAV ratio of 1.07 times);
- (d) the P/NAV ratio of the HyfluxShop Group, as implied by the Offer Price and the NAV per Share, is within the range of the Comparable Companies. Although the P/NAV ratio of the HyfluxShop Group is below the mean P/NAV ratios of the Comparable Companies, the Comparable Companies are listed entities and profitable;
- (e) P/NAV ratio of the HyfluxShop Group, as implied by the Offer Price and the NAV per Share, is within the range, equal to the mean and above the median P/NAV ratios of Recent Transactions;
- (f) the Company did not declare any dividends since its incorporation; and
- (g) other considerations as set out in paragraph 7.9 of this IFA Letter.

**After taking into account the above factors, we are of the opinion that, as of the date hereof, the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Independent Director to recommend to the Shareholders to ACCEPT the Offer.**

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Director should advise Shareholders that the opinion and advice of Xandar Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.

This IFA Letter is addressed to the Independent Director for her benefit, in connection with and for the purpose of her consideration of the terms of the Offer, and the recommendation made by her to the Shareholders shall remain the responsibility of the Independent Director. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.



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**APPENDIX A: LETTER FROM IFA TO THE INDEPENDENT DIRECTOR  
IN RESPECT OF THE OFFER**

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This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly  
For and on behalf of  
**XANDAR CAPITAL PTE. LTD.**

**LOO CHIN KEONG**  
EXECUTIVE DIRECTOR

**PAULINE SIM**  
HEAD OF CORPORATE FINANCE

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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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### 1. DIRECTORS

The names, addresses and description of the Company Directors are as follows:

Name	Address	Description
Ms. Lim Suat Wah	80 Bendemeer Road Hyflux Innovation Centre Singapore 339949	Director
Mr. Cheong Aik Hock	80 Bendemeer Road Hyflux Innovation Centre Singapore 339949	Director
Ms. Lim Sau Hoong	80 Bendemeer Road Hyflux Innovation Centre Singapore 339949	Director

### 2. HISTORY

The Company was incorporated in Singapore on 16 August 2017. The Company's registered office is at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949.

### 3. PRINCIPAL ACTIVITIES

The principal business activities, business strategies and future plans of the HyfluxShop Group are focused on the consumer health and wellness segments. The HyfluxShop Group offers a comprehensive range of sustainable and environmentally-friendly water filtration and consumer lifestyle products and has an expanding suite of health and wellness consumer solutions to provide clean drinking water, enhance health and wellness with oxygen-rich water as well as provide nutritional supplements to complement the modern lifestyle.

### 4. SHARE CAPITAL

- 4.1 **Issued Shares.** As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$40,000,002 comprising 112,183,568 issued and paid-up Shares and 20,000,000 issued and paid up HyfluxShop Preference Shares.

The Shares are ordinary shares carrying equal ranking rights to dividends, voting at general meetings and return of capital. Other than the HyfluxShop Preference Shares, the Company does not hold any other class of share capital as at the Latest Practicable Date.

There is no restriction in the Constitution on the right to transfer any Shares that has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to Shareholders or to any other person.

- 4.2 **Rights in respect of Capital, Dividends and Voting.** The rights of Shareholders in respect of capital, dividends and voting in relation to the Shares are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the same have been extracted and reproduced in **Appendix D** to this Composite Document.

## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

- 4.3 **Number of Shares Issued since the End of the Last Financial Year.** As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2017.
- 4.4 **Other Securities.** As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the Shares.
- 4.5 **Information regarding Shares that have been sold.** The Company has not received any information indicating that any Shares have been sold in the six month period starting from the six months preceding the Possible Offer Announcement Date until the Latest Practicable Date prior to the publication of this Offeree's Circular.

### 5. DISCLOSURE OF INTERESTS

- 5.1 **Interest of Company in Offeror Securities.** This is not applicable in the present case as the Offeror is an individual.
- 5.2 **Dealings in Offeror Securities by Company.** This is not applicable in the present case as the Offeror is an individual.
- 5.3 **Interest of Company Directors in Offeror Securities.** This is not applicable in the present case as the Offeror is an individual.
- 5.4 **Dealings in Offeror Securities by Company Directors.** This is not applicable in the present case as the Offeror is an individual.
- 5.5 **Interest of Company Directors in Company Securities.** As at the Latest Practicable Date, save as disclosed below, none of the Company Directors has any interest, direct or indirect, in the Company Securities.

Name	Number of Shares			
	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>1</sup>	No. of Shares	% <sup>1</sup>
Ms. Lim Suat Wah	1,000	0.0009	4,000 <sup>2</sup>	0.0036

**Notes:**

- (1) Based on the total number of 112,183,568 issued and paid-up Shares as at the Latest Practicable Date with the figures rounded to four decimal places.
- (2) Ms. Lim Suat Wah is deemed to be interested in the 4,000 Shares held by her spouse, Mr. Chin Wee Jye.

- 5.6 **Dealings in Company Securities by Company Directors.** Save for the Shares issued to Ms. Lim Suat Wah pursuant to the dividend *in specie* of Shares to "Entitled Shareholders" (as defined in the Hyflux Circular) of Hyflux on the Actual Date of Completion as at the Latest Practicable Date, during the period commencing three months prior to the Possible Offer Announcement Date and ending on the Latest Practicable Date, none of the Company Directors has dealt for value in any Company Securities.

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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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- 5.7 **Interest of IFA in Company Securities.** As at the Latest Practicable Date, the IFA and funds managed by it on a discretionary basis do not own or control any of the Company Securities.
- 5.8 **Dealings in Company Securities by IFA.** During the period commencing three months prior to the Possible Offer Announcement Date and ending on the Latest Practicable Date, the IFA and funds managed by it on a discretionary basis do not own and have not dealt for value in any of the Company Securities.
- 5.9 **Intentions of the Company Directors.** As at the Latest Practicable Date, Ms. Lim Suat Wah has a direct and deemed interest in 5,000 Shares, representing approximately 0.0045% of the total number of Shares. Ms. Lim Suat Wah has informed the Company that she will not accept the Offer in respect of the Shares held by her and will continue to hold the above-mentioned Shares. Save as disclosed above, none of the Directors has any other direct or deemed interest in the Shares.

### 6. ARRANGEMENTS AFFECTING DIRECTORS

- 6.1 **Directors' Service Contracts.** As at the Latest Practicable Date, there are no service contracts between any Company Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying compensation.

In addition, there were no such service contracts entered into or amended between any Company Director or proposed director with the Company or any of its subsidiaries during the period between the start of six months preceding the Possible Offer Announcement Date and ending on the Latest Practicable Date.

- 6.2 **No Payment or Benefit to Directors.** As at the Latest Practicable Date, it is not proposed that any payment or other benefit be made or given to any Company Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Offer.
- 6.3 **No Agreement Conditional upon Outcome of Offer.** As at the Latest Practicable Date, there are no agreements or arrangements made between any Company Director and any other person in connection with or conditional upon the outcome of the Offer.
- 6.4 **No Material Contracts entered into by Offeror.** As at the Latest Practicable Date there are no material contracts entered into by the Offeror in which any Company Director has a material personal interest, whether direct or indirect.

### 7. FINANCIAL INFORMATION

- 7.1 **Basis of preparation and compilation of the Unaudited Pro Forma Combined Financial Information**
- (a) The unaudited pro forma combined financial information has been prepared for illustrative purposes only and is based on certain assumptions after making certain adjustments to show what:
- (i) the financial results of the HyfluxShop Group for FY2016 and FY2017 would have been if the Offeree acquired its subsidiaries at 1 January 2016 and 1 January 2017 respectively; and

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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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- (ii) the financial position of the HyfluxShop Group as at 31 December 2016 and 31 December 2017 would have been if the Offeree acquired its subsidiaries as at 31 December 2016 and 30 September 2017 respectively.

The unaudited pro forma combined financial information, because of its nature, may not give a true picture of the Hyfluxshop Group's actual financial results and financial position.

- (b) The unaudited pro forma combined financial information for FY2016 and FY2017 has been compiled based on:

- (i) the audited financial information of HyfluxShop Hong Kong, Elowater Malaysia Sdn Bhd, Elo Commercial Trade (Shanghai) Co., Ltd, Hyflux Lifestyle Products (S) Pte. Ltd. and HyfluxShop Pte. Ltd. for the year ended 31 December 2016;
- (ii) the audited financial information of Elo Water Pte. Ltd. for the period from 15 September 2015 to 31 December 2016;
- (iii) the unaudited financial information of Hyflux Lifestyle Products (India) Private Limited for the year ended 31 December 2016;
- (iv) the unaudited financial information of HyfluxShop Hong Kong, Elowater Malaysia Sdn Bhd, Elo Commercial Trade (Shanghai) Co., Ltd, Hyflux Lifestyle Products (S) Pte. Ltd., Hyflux Lifestyle Products (India) Private Limited and HyfluxShop Pte. Ltd. for the year ended 31 December 2017;
- (v) the unaudited financial information of Elo Siloam Pte. Ltd. for the period from 6 October 2016 (date of incorporation) to 31 December 2017;
- (vi) the unaudited interim financial information of the Company for the period from 16 August 2017 (date of incorporation) to 31 December 2017;
- (vii) the unaudited interim financial information of HyfluxShop Korea Ltd for the period from 12 May 2017 (date of incorporation) to 31 December 2017;
- (viii) the unaudited interim financial information of HyfluxShop Taiwan Limited for the period from 25 May 2017 (date of incorporation) to 31 December 2017; and
- (ix) the unaudited interim financial information of HyfluxShop Australia Pty Ltd for the period from 1 May 2017 (date of incorporation) to 31 December 2017.

The aforementioned financial information is hereinafter collectively referred to as the "**Relevant Financial Information**". The audited financial information are prepared in accordance with the Singapore Financial Reporting Standards and audited by KPMG Singapore in accordance with Singapore Standards on Auditing except for HyfluxShop Hong Kong. The auditors' reports on these financial information, which were not published, were not subject to any qualifications, modifications or disclaimers.

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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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- (c) In arriving at the unaudited pro forma combined financial information, certain other adjustments and assumptions, as set out in paragraph 7.1(d), have been made. The unaudited pro forma combined financial information has been compiled from the Relevant Financial Information stated in paragraph 7.1(b) and is based on the accounting policies adopted by the HyfluxShop Group as disclosed in Appendix C.
- (d) The following key adjustments and assumptions were made for the preparation of the unaudited pro forma financial information:
- (i) 112,183,568 Shares with equity capital of S\$20,000,002 were issued by the Offeree to Hyflux as at 31 December 2016 and 31 December 2017;
  - (ii) 20,000,000 HyfluxShop Preference Shares amounting to S\$20.0 million were issued to Hyflux as at 31 December 2016 and 31 December 2017;
  - (iii) acquisition of an associate, Kaqun Europe, with investment cost of US\$8.0 million was completed as at 31 December 2016 and 31 December 2017; and
  - (iv) the minority interest in Elo Water Pte. Ltd. and Elo Siloam Pte. Ltd. was 30% as at 31 December 2016 and 31 December 2017.

### 7.2 Unaudited Pro Forma Combined Financial Information

Certain financial information extracted from the unaudited pro forma combined financial information of the HyfluxShop Group for FY2016 and FY2017 are set out below:

	<b>FY2016</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2017</b> <b>(Unaudited)</b> <b>S\$'000</b>
Revenue	4,387	5,066
Loss before tax	(6,045)	(10,407)
Loss after tax	(4,852)	(8,642)
Non-controlling interests	1,543	2,289
Loss after tax attributable to equity holders of the Company	(3,309)	(6,353)
<b>Earnings per Share</b>		
Basic	(0.0295)	(0.0566)
Diluted	(0.0295)	(0.0566)
<b>NAV per Share</b>	0.1783	0.1667

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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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### 7.3 Unaudited Pro Forma Combined Statements of Financial Position

The unaudited pro forma combined statements of the financial position of the HyfluxShop Group as at 31 December 2016 and 31 December 2017 have been extracted from the unaudited pro forma combined financial information of the HyfluxShop Group for FY2016 and the FY2017 respectively and are reproduced below:

	<b>As at 31 December 2016 (Unaudited) S\$'000</b>	<b>As at 31 December 2017 (Unaudited) S\$'000</b>
<b>Assets</b>		
Trade and other receivables	10,708	8,759
Inventories	2,161	3,113
Cash and cash equivalents	14,950	16,117
<b>Total current assets</b>	27,819	27,989
Property, plant and equipment	3,595	5,568
Intangible assets	535	777
Associate	10,987	10,987
Deferred tax assets	1,218	1,624
<b>Total non-current assets</b>	16,335	18,956
<b>Total Assets</b>	44,154	46,945
<b>Liabilities</b>		
Trade and other payables	5,793	11,593
<b>Total current liabilities</b>	5,793	11,593
Deferred tax liabilities	32	5
<b>Total non-current liabilities</b>	32	5
<b>Total Liabilities</b>	5,825	11,598
<b>Net Assets</b>	38,329	35,347
<b>Equity</b>		
Share capital	20,000	20,000
Preference shares	20,000	20,000
	40,000	40,000
Retained earnings	–	(1,303)
<b>Total equity attributable to owners of the Company</b>	40,000	38,697
Non-controlling interest	(1,671)	(3,350)
<b>Total Equity</b>	38,329	35,347

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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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### 8. MATERIAL CHANGES TO FINANCIAL POSITION

As at the Latest Practicable Date, save (a) as disclosed in this Composite Document (including the unaudited pro forma combined financial information of the HyfluxShop Group for FY2016 and FY2017); and (b) for any information on the Company released by the Company on its corporate website ([www.hyfluxshop.com](http://www.hyfluxshop.com)), there has been no known material change in the financial position of the Company since 31 December 2017, being the date of the last unaudited pro forma combined financial information of the HyfluxShop Group.

### 9. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies and critical accounting estimates, assumptions and judgments of the HyfluxShop Group for FY2016 and FY2017 are disclosed in **Appendix C**.

It should be noted that the significant accounting policies and critical accounting estimates, assumptions and judgments for each of FY2016 and FY2017 should be read together with the unaudited pro forma combined financial information of the HyfluxShop Group for FY2016 and FY2017.

### 10. CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

As at the Latest Practicable Date, there has been no change to the accounting policies and critical accounting estimates, assumptions and judgments of the HyfluxShop Group which would cause the financial information of the HyfluxShop Group to not be comparable to a material extent.

### 11. MATERIAL CONTRACTS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have entered into any material contracts with Interested Persons (other than those entered into in the ordinary course of business) during the period commencing three years before the Possible Offer Announcement Date and ending on the Latest Practicable Date.

### 12. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries are engaged in any material litigation as plaintiff or defendant which might materially and adversely affect the financial position of the HyfluxShop Group as a whole. The Company Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the HyfluxShop Group taken as a whole.

### 13. GENERAL

- 13.1 **Costs and Expenses.** All costs and expenses incurred by the Company in relation to the Offer will be borne by the Company.



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## APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

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13.2 **Consent of the IFA.** XCPL has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its name, its letter to the Independent Director dated 8 March 2018 containing its advice and recommendation on the Offer, and all references thereto in the form and context in which they appear in this Composite Document.

### 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949 during normal business hours for the period which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the IFA Letter as set out in **Appendix A** to this Composite Document; and
- (c) the letter of consent referred to in Section 13.2 above.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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### **1 Basis of preparation**

#### **1.1 Statement of compliance**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

#### **1.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### **1.3 Functional and presentation currency**

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

#### **1.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

#### **1.5 Changes in accounting policies**

The HyfluxShop Group has adopted all new or revised FRSs and Interpretations of Financial Reporting Standards (“INT FRS”) that became mandatory from 1 January 2016 and 1 January 2017. The adoption of these new FRSs and INT FRSs has no significant impact to the HyfluxShop Group.

### **2 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by HyfluxShop Group entities.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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### **2.1 Basis of consolidation**

#### **Business combinations**

Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the date of acquisition, which is the date on which control is transferred to the HyfluxShop Group.

The HyfluxShop Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, and are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCIs are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the HyfluxShop Group incurs in connection with a business combination are expensed as incurred.

Changes in the HyfluxShop Group's interests in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

### **Loss of control**

Upon the loss of control, the HyfluxShop Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the HyfluxShop Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

### **Interests in associate (equity-accounted investee)**

Associates are those entities in which the HyfluxShop Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the HyfluxShop Group holds 20% or more of the voting power of another entity.

Interests in associate is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the HyfluxShop Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investee, after adjustments to align the accounting policies with those of the HyfluxShop Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the HyfluxShop Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the HyfluxShop Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the HyfluxShop Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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### **2.2 Foreign currency**

#### ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of HyfluxShop Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss); and qualifying cash flow hedges to the extent the hedge is effective.

#### **Foreign operations**

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the HyfluxShop Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the HyfluxShop Group disposes of only part of its interest in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented as equity in the translation reserve.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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### **2.3 Financial instruments**

#### **Non-derivative financial assets**

The HyfluxShop Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the HyfluxShop Group becomes a party to the contractual provisions of the instrument.

The HyfluxShop Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the HyfluxShop Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the HyfluxShop Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The HyfluxShop Group classifies non-derivative financial assets into the following categories: loans and receivables.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are subject to an insignificant risk of changes in their fair value, and are used by the HyfluxShop Group in the management of its short-term commitments.

#### **Non-derivative financial liabilities**

The HyfluxShop Group initially recognised debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the HyfluxShop Group becomes a party to the contractual provisions of the instrument.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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The HyfluxShop Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the HyfluxShop Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The HyfluxShop Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

### ***Share capital***

#### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### Preference share capital

Preference share capital is classified as equity as it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Board of Directors.

## **2.4 Property, plant and equipment**

### ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, when the HyfluxShop Group has an obligation to move the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/expenses in profit or loss.

### ***Subsequent costs***

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the HyfluxShop Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### ***Depreciation***

Depreciation is based on the cost of an asset, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the HyfluxShop Group will obtain ownership by the end of the lease term. Construction-in-progress is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and machinery	– 4 to 10 years
Computers	– 1 to 5 years
Office equipment	– 4 to 5 years
Furniture and fittings	– 4 to 5 years
Leasehold properties and improvements	– over the lease period ranging from 5 to 30 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

## **2.5 Intangible assets**

### **Other intangible assets**

Other intangible assets that are acquired by the HyfluxShop Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.



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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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### **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### **Amortisation**

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Intellectual property rights	– 10 years
Licensing fees	– 10 to 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

## **2.6 Leased assets**

Other leases are operating leases and are not recognised in the HyfluxShop Group's statement of financial position.

## **2.7 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, the use of standard costing includes an appropriate share of production overheads based on normal operating capacity. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **2.8 Impairment**

### **Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred

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## APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017

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after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the HyfluxShop Group on terms that the HyfluxShop Group would not consider otherwise, and indications that a debtor will enter bankruptcy.

### Loans and receivables

The HyfluxShop Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the HyfluxShop Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the section below. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been favourable change in the estimates used to determine the recoverable amount.

### **Non-financial assets**

The carrying amounts of the HyfluxShop Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The HyfluxShop Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

### **2.9 Employee benefits**

#### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

#### **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the HyfluxShop Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **2.10 Provisions**

A provision is recognised if, as a result of a past event, the HyfluxShop Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **2.11 Revenue**

#### **Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is recognised as a reduction of revenue as the sales are recognised.

Transfers of risks and rewards occur upon delivery to customers.

### **ELO bath**

Revenue from ELO bath is recognised when the relevant services are rendered. Billed amounts for services which have not been rendered as at the balance sheet date is recognised as deferred revenue and included in trade and other payables.

### **Others**

Interest income from funds invested is recognised as it accrues as other income in profit or loss, using the effective interest method.

## **2.12 Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

## **2.13 Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to interests in subsidiaries and associates to the extent that the HyfluxShop Group is able to control the timing of reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the HyfluxShop Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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## **APPENDIX C: SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF THE HYFLUXSHOP GROUP FOR FY2016 AND FY2017**

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the HyfluxShop Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The HyfluxShop Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the HyfluxShop Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### **2.14 Earnings per share**

The HyfluxShop Group presents basic and diluted earnings per share (“**EPS**”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and directors. Share options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the share options (i.e. they are ‘in the money’). Both basic and diluted EPS of the HyfluxShop Group are adjusted to take into consideration the effect of dividends on preference shares on earnings.

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## APPENDIX D: SELECTED TEXT OF THE CONSTITUTION

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All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution, a copy of which is available for inspection at the registered office of the Company at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949 during normal business hours for the period which the Offer remains open for acceptance.

The rights of Shareholders in respect of capital, dividends and voting as set out in the Constitution are as follows:

### Share Capital and Variation of Rights

7. (A) Subject to the Act and to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Regulation 7(E), and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and, if such shares are listed or quoted, the listing rules of such stock exchange ("Stock Exchange") on which the shares are listed or quoted and (ii) the aggregate number of preference shares to be issued shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange.
- (B) The Directors may, at any time after the allotment of any share but before any person has been entered in the register of members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
- (C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Act and every other written law for the time being in force concerning companies and affecting the Company and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.
- (D) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.
- (E) Subject to any direction to the contrary that may be given by the Company in General Meeting or except permitted by the rules of the Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying

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## APPENDIX D: SELECTED TEXT OF THE CONSTITUTION

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the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

- (F) Notwithstanding Regulation 7(E) above, the Company may by ordinary resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:
- (a) (i) issue shares whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
  - (b) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force,

Provided that:—

- (1) if and as applicable, the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange if any;
  - (2) if and as applicable, in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and these presents; and
  - (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the annual General Meeting of the Company next following the passing of the ordinary resolution, or the date by which such annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (G) The Company may, notwithstanding Regulations 7(E) and 7(F) above, authorize the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.



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## APPENDIX D: SELECTED TEXT OF THE CONSTITUTION

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8.
  - (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of 75% of the issued shares of that class, or with sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class.
  - (2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate General Meeting of the holders of the shares of the class referred to in paragraph (1), except that:
    - (a) the necessary quorum is at least two persons holding or representing by proxy one-third of the issued shares of the class; and
    - (b) any holder of shares of the class present in person or by proxy may demand a poll.
  - (3) Section 184 of the Act applies with the necessary modifications to every special resolution passed at a separate General Meeting of the holders of the shares of the class under paragraph (1).
9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith.
10. The Company may on any issue of shares pay any brokerage that is permitted by law.
- 10A. A reference to a member shall be a reference to a registered holder of shares in the Company or, where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-
  - (1) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;



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- (2) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
  - (3) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
  - (4) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Act, the Securities and Futures Act and every other written law for the time being in force concerning companies and affecting the Company).
11. (1) Except as required by law, no person shall be recognised by the Company as holding any share upon any trust.
- (2) Except as required by law or by this Constitution, the Company shall not be bound by or be compelled in any way to recognise any equitable, contingent, future or partial interest in any share or unit of a share or any other rights in respect of any share or unit of share, other than the registered holder's absolute right to the entirety of the share or unit of share and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.
  - (3) Paragraph (2) applies even when the Company has notice of any interest or right.
12. (1) Every person whose name is entered as a member in the register of members shall be entitled, within 60 days after the allotment of shares and within 30 days after the date on which a transfer of shares (other than such a transfer as the Company is for any reason entitled to refuse to register and does not register), without payment to receive a certificate under the seal of the Company in accordance with the Act. This Regulation 12(1) shall not apply to any book-entry securities.
- (2) In respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders is sufficient delivery to all such holders.

### **Lien**

14. (1) The Company shall have a first and paramount lien on:
- (a) every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share; and
  - (b) all shares (other than fully paid shares) registered in the name of a single person for all money presently payable by the person or the person's estate to the Company.
- (2) The Company's lien, if any, on a share extends to all dividends payable on the share.

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- (3) The Directors may at any time declare any share to be wholly or partly exempt from paragraph (1) or (2), or both.
15. (1) Subject to paragraph (2), the Company may sell in such manner as the Directors think fit, any shares on which the Company has a lien.
- (2) No sale shall be made under paragraph (1) unless:
- (a) a sum in respect of which the lien exists is presently payable;
- (b) a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exist as is presently payable, has been given by the Company to the registered holder for the time being of the share, or the person entitled to the share by reason of the death or bankruptcy of the registered holder of the share; and
- (c) a period of 14 days has expired after the giving of the notice in sub-paragraph (b).
16. (1) To give effect to any sale of shares under Regulation 15, the Directors may authorise any person to transfer the shares sold to the purchaser of the shares.
- (2) Subject to Regulations 26, 27 and 28, the Company must register a transfer of shares in relation to the shares sold to the purchaser with the Registrar.
- (3) The purchaser of any shares referred to in paragraph (1) shall not be bound to see to the application of the purchase money, and the purchaser's title to the shares shall not be affected by any irregularity or invalidity in the proceedings with respect to the sale of the shares.
17. The proceeds of any sale of shares under Regulation 15 shall be received by the Company and applied in payment of any part of the amount in respect of which the lien exists as is presently payable, and any remaining proceeds from the sale of shares must (subject to any lien for sums not presently payable as existed upon the shares before the sale but which have become presently payable) be paid to the person entitled to the shares at the date of the sale.

### **Calls on Shares**

18. (1) The Directors may from time to time make calls upon the members in respect of any money unpaid on their shares, other than in accordance with the conditions of the allotment of the shares, if both of the conditions are met:
- (a) no call shall be payable at less than one month after the date fixed for the payment of the last preceding call;
- (b) at least 14 days' notice specifying the time or times and the place of payment is given by the Company to the members.
- (2) Each member must pay to the Company at the time or times and place specified in the notice referred to in paragraph (1)(b) the amount called on the members' shares.
- (3) The Directors may revoke or postpone a call.

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19. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments.
20. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.
21. If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment of the sum to the time of actual payment of the sum at such rate not exceeding 8% per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
22. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date shall deem to be a call duly made and payable on the date on which, by the terms of issue of the share, the sum becomes payable, and in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses and forfeiture, or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified.
23. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
24. (1) The Directors may, if they think fit, receive in advance from any member (if the member is willing) all or any part of the money uncalled and unpaid upon any shares held by the member.  
  
(2) Upon the Company receiving the money referred to in paragraph (1), the Directors may (until the amount would, but for the advance, become payable) pay interest to the member at such rate not exceeding (unless the Company in General Meeting otherwise directs) 8% per annum as may be agreed upon between the Directors and the member.

### Transfer of shares

25. Subject to this Constitution, any member may transfer all or any of the member's shares by an instrument in writing in any usual or common form or in any other form which the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee and be witnessed. Provided Always that an instrument of transfer in respect of which the transferee is CDP shall be effective although not signed or witnessed by or on behalf of CDP. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect thereof.
26. To enable the Company to register a transfer of shares under section 130(1) of the Act, the following items in relation to the transfer of shares must be delivered by the transferor to the registered office of the Company:
  - (a) the instrument of transfer;
  - (b) a fee not exceeding \$1 as the Directors from time to time may require;
  - (c) the certificate of the shares to which the instrument of transfer relates;

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- (d) the certificate of payment of stamp duty (if any is payable); and
  - (e) any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
27. The Directors may decline to register a transfer of shares if:
- (a) the shares are not fully paid shares;
  - (b) the Directors do not approve of the transferee;
  - (c) the Company has a lien on the shares;
  - (d) the registration of the transfer would result in a contravention of or failure to observe any applicable laws and rules;
  - (e) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is not paid/the instrument of transfer is not duly stamped in accordance with any applicable laws and rules for the time being in force relating to stamp duty. An instrument of transfer is duly stamped where it is accompanied by a certificate of payment of stamp duty (if any is payable); or
  - (f) the transfer is not accompanied by the certificates of the shares to which it relates, and/or the transfer is not accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.
28. If the Directors refuse to register a transfer of any shares, they shall send to the transferor and transferee, within 30 days after the date on which the transfer was lodged with the Company, a notice of the refusal.

### Transmission of Shares

29. (1) Where a sole holder of shares of the Company dies, the Company may recognise only the legal personal representatives of the deceased as having any title to the deceased's interest in the shares. In the case of the death of a member who is a Depositor, the legal personal representatives of the deceased, and where such legal personal representatives are entered into the Depository Register in respect of any shares to the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (2) Where a joint holder of shares of the Company dies, the Company may recognise only the survivor or survivors of the deceased as having any title to the deceased's interest in the shares. In the case of the death of a member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (3) Nothing in paragraph (2) releases the estate of the deceased from any liability in respect of any share which had been jointly held by the deceased with other persons.

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30. (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors, elect to:–
- (a) be registered as holder of the share in the register of members; or
  - (b) nominate another person to be registered as the transferee of the share in the register of members.
- (2) Despite paragraph (1), the Directors have the same right to decline or suspend the lodging of a notice of transfer of shares with the Registrar for the purpose of updating the register of members under Regulations 27 and 28 as they would have had in the case of a transfer of the share by the member referred to in paragraph (1) before the death or bankruptcy of the member.
31. (1) If a person becoming entitled to a share in consequence of the death or bankruptcy of a member elects to be registered as holder of the share in the register of members, the person shall deliver or send to the Company a notice in writing signed by the person stating that the person elects to be registered in the register of members as the holder of the share.
- (2) If a person becoming entitled to a share in consequence of the death or bankruptcy of a member elects to nominate another person to be registered as the transferee of the share in the register of members, the person must execute a transfer to that other person of the share.
- (3) All the limitations, restrictions, and provisions of this Constitution relating to the right to transfer and the lodging of a notice of transfer by the Company in relation to any transfer of shares shall be applicable to any notice or transfer as aforesaid as if the death or bankruptcy of the member concerned had not occurred and the notice or transfer were a transfer signed by the member.
32. Where the registered holder of any share dies or becomes bankrupt, the personal representative of the registered holder or the assignee of the registered holder's estate, as the case may be, shall, upon, the production of such evidence as may from time to time be properly required by the Directors entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting, or otherwise), that the registered holder would have been entitled to if the registered holder had not died or become bankrupt; and where two or more persons are jointly entitled to any share in consequence of the death of the registered holder, they shall, for the purposes of this Constitution, be deemed to be joint holders of the share.

### **Forfeiture of Shares**

33. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, as long as any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of the unpaid part of the call or instalment, together with any interest which may have accrued.

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34. The notice under Regulation 33 shall name a day (not earlier than 14 days after the date of service of the notice) on or before the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
35. If the requirements of a notice referred to in Regulation 34 are not complied with, any share in respect of which the notice has been given may, at any time after the notice is given but before the payment required by the notice has been made, be forfeited by a resolution of the Directors passed for the purpose of forfeiting the share. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not paid before forfeiture.
36. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
37. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all money which, at the date of forfeiture, was payable by the person to the Company in respect of the shares (together with interest at the rate of 8% per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of such interest).
38. A statutory declaration in writing that the declarant is a Director or the secretary of the Company and that a share in the Company has been forfeited on a date stated in the declaration shall be conclusive evidence of the facts stated in the declaration as against all persons claiming to be entitled to the share.
39. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.
- 39A. For shares which are not book-entry securities, upon the Company executing a transfer of the share in favour of the transferee, the Company must lodge a notice of transfer of share with the Registrar under section 130(2) of the Act for the purpose of updating the register of members to reflect the transferee as the registered owner of the forfeited share.
40. The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the sum had been payable by virtue of a call duly made and notified.

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### Conversion of Shares into Stock

41. The Company may by ordinary resolution passed at a General Meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares.
42. The holders of stock may transfer the same or any part of the stock in the same manner, and subject to the same regulations, by which the shares from which the stock arose might, prior to conversion, have been transferred. The Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.
43. The holders of stock shall, according to the amount of the stock held by the holders, have the same rights, privileges and advantages in relation to dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose. No privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock on the holder of such stock which would not, if existing in shares, have conferred that privilege or advantage on the holder of such stock.
44. Provisions of this Constitution applicable to paid-up shares shall apply to stock, and references to “share” and “shareholder” in this Constitution are to be read as if they were references to “stock” and “stockholder”, respectively.

### Alteration of Capital

45. The Company may from time to time do any of the following:
  - (a) by ordinary resolution, or as otherwise permitted under the Act:
    - (i) consolidate and divide all or any of its share capital;
    - (ii) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act) such that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
    - (iii) cancel the number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled; and
  - (b) by special resolution, or as otherwise permitted under the Act, convert one class of shares into another class of shares where permitted to do so under the Act.
46. Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall, before issue, be offered to all persons who, as at the date of the offer, are entitled to receive notices from the Company of General Meetings in proportion, or as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or upon the person to whom the offer is made declining the shares offered, the Directors may dispose of those shares in any



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manner as they think is the most beneficial to the Company. The Directors may dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this regulation.

47. The Company may by special resolution reduce its share capital in any manner permitted by law and subject to any terms required by law.

### General Meetings

48. An annual General Meeting of the Company shall be held in accordance with the provisions of the Act. All General Meetings other than the annual General Meetings shall be called extraordinary General Meetings.
49. Any Director may, whenever he thinks fit, convene an extraordinary General Meeting, and extraordinary General Meetings shall be convened on such requisition or in default may be convened by such requisitioner as provided by the Act.
50. Subject to the provisions of the Act relating to special resolutions and any agreement amongst persons who are entitled to receive notices of General Meetings from a company, at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, date and time of meeting and in case of special business the general nature of that business shall be given to such persons as are entitled to receive such notices from the Company.
51. (1) All business that is transacted at an extraordinary General Meeting is special business.
- (2) All business that is transacted at an annual General Meeting is special business, except:
- (a) the declaration of a dividend;
  - (b) the consideration and adoption of the financial statements, the reports of the auditors and the statements of the Directors and other documents required to be attached or annexed to the financial statements;
  - (c) the election of Directors in the place of retiring Directors; and
  - (d) the appointment and fixing of the remuneration of the auditors.

### Proceedings at General Meetings

52. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Except as otherwise provided in this Constitution, two members present in person shall form a quorum. In this regulation, "member" includes a person attending as a proxy or as representing a corporation or a limited liability partnership which is a member.



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53. If within half an hour after the time appointed for a General Meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall be adjourned to the same day in the next week at the same time and place, or to another day and at another time and place as the Directors may determine.
54. Subject to the provisions of the Act, the members may participate in a General Meeting by means of a conference telephone or a video conference telephone or similar communications equipment by which all persons participating in the General Meeting are able to hear and be heard by all other members without the need for a member to be in the physical presence of another member(s) and participation in the General Meeting in this manner shall be deemed to constitute presence in person at such meeting. The members participating in any such General Meeting shall be counted in the quorum for such General Meeting and subject to there being a requisite quorum under this Constitution, all resolutions agreed by the members in such General Meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held. A General Meeting conducted by means of a conference telephone or a video conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the members attending the General Meeting, provided that at least one of the members present at the General Meeting was at that place for the duration of the General Meeting.
55. Subject to any additional requirements as may be imposed by the Act, all resolutions of the members shall be adopted by a simple majority vote of the members present and voting.
56. Subject to the provisions of the Act:
- (1) a special resolution may be passed by written means if the resolution indicates that it is a special resolution and if it has been formally agreed on any date by one or more members who on that date represent at least 75% of the total voting rights of all members who on that date would have the right to vote on that resolution at a General Meeting of the Company; and
  - (2) an ordinary resolution is passed by written means if the resolution does not indicate that it is a special resolution and if it has been formally agreed on any date by one or more members who on that date represent a majority of the total voting rights of all members who on that date would have the right to vote on that resolution at a General Meeting of the Company.

A special or ordinary resolution passed by written means may consist of several documents in the like form each signed by one or more of the members who have the right to vote on that resolution at a General Meeting of the Company.

57. The chairman of a General Meeting is:
- (a) where the Board has appointed a chairman amongst the Directors, the chairman; or
  - (b) where:
    - (i) the chairman of the Board is unwilling to act as the chairman of the General Meeting;

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- (iii) the chairman is not present within 15 minutes after the time appointed for the holding of the General Meeting; or
  - (iii) the Board has not appointed a chairman amongst the Directors, the member elected by the members present for the purpose of being the chairman of the General Meeting.
58. The chairman may, with the consent of a General Meeting at which a quorum is present, and shall if so directed by a General Meeting, adjourn the General Meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the General Meeting from which the adjournment took place (called in this regulation the original General Meeting). There is no need to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting unless the adjourned meeting is to be held more than 30 days after the date of the original General Meeting.
59. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
- (a) by the chairman;
  - (b) by at least 3 members present in person or by proxy;
  - (c) by any member or members present in person or by proxy and representing not less than 5% of the total voting rights of all the members having the right to vote at the meeting; or
  - (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than 5% of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn.

60. If a poll is demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman directs. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. The result of the poll shall be the resolution of the meeting at which the poll was demanded.
61. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
62. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney. On a show of hands every member or representative of a member who is present in person shall have one vote. On a poll every

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member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share the member holds. For the purposes of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant General Meeting as certified by CDP to the Company. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any General Meeting.

63. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.
- 63A. (a) Save as otherwise provided in the Act:
- (i) A member who is not a relevant intermediary shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting; and
  - (ii) A member who is a relevant intermediary is entitled and may appoint more than two proxies to attend, speak and vote at the same General Meeting.
- (b) In any case where a member is a Depositor, the Company shall be entitled and bound:
- (i) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant General Meeting as certified by CDP to the Company; and
  - (ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at seventy-two (72) hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (c) Where a member who is not a relevant intermediary appoints more than one proxy, the member shall specify the proportion of his shares to be represented by each such proxy in the form of proxy, failing which the nomination shall be deemed to be alternative.
- (d) Where a member who is a relevant intermediary appoints more than two proxies, each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
64. A member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote, whether on a show of hands

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or on a poll, by a person who properly has the management of the estate of the member, and any such person may vote by proxy or attorney.

65. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by the member in respect of shares in the Company have been paid.
66. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered. Any objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive. Every vote not disallowed at such meeting shall be valid for all purposes.
67. The instrument appointing a proxy shall be in writing, in the common or usual form, under the hand of the appointer or of the attorney of the appointer duly authorised in writing or, if the appointer is a corporation or a limited liability partnership, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
68. Where an opportunity of voting for or against a resolution is to be conferred on members, the instrument appointing a proxy shall be in the following form or such other form as the Board may approve:

<b>HYFLUXSHOP HOLDINGS LTD.</b>		
I/We,	[name(s)]	of [address(es)]
	being a member/members of the abovenamed Company, hereby	
appoint	[name]	of [address], or
failing him/her,	[name]	of [address], as my/our proxy to
vote for me/us on my/our behalf at the [annual or extraordinary, as the case may be]		
General Meeting of the Company, to be held on the      day of      20		
, and at any adjournment thereof.		
Signed this      day      20		
This form is to be used <u>          </u> * in favour of      the resolution.		
against		
<i>*Strike out whichever is not desired. [Unless otherwise instructed, the proxy may vote as he or she thinks fit.]</i>		

69. (1) The following documents must be deposited at the registered office of the Company, or at such other place in Singapore as is specified in the notice convening the meeting by the time specified in paragraph (2) for the purpose of appointing a proxy:
- (a) the instrument appointing a proxy; and
  - (b) the power of attorney or other authority, if any, under which the instrument appointing the proxy is signed, or a notarially certified copy of that power of attorney or authority.

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- (2) For the purposes of paragraph (1), the time is:
    - (a) in the case of a poll, not less than seventy-two (72) hours before the time appointed for the taking of the poll; or
    - (b) in any other case, not less than seventy-two (72) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
  - (3) An instrument of proxy is not valid if paragraph (1) is not complied with.
70. (1) Subject to paragraph (2), a vote given in accordance with the terms of an instrument of proxy or attorney shall be valid despite:
- (a) the previous death or mental disorder of the principal;
  - (b) the revocation of the instrument or of the authority under which the instrument was executed; or
  - (c) the transfer of the share in respect of which the instrument is given.
- (2) Paragraph (1) does not apply if an intimation in writing of such death, mental disorder, revocation, or transfer has been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the instrument is used.

### **Dividends and Reserves**

103. The Company in General Meeting may declare dividends, but any dividend declared shall not exceed the amount recommended by the Directors.
104. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.
105. No dividend shall be paid otherwise than out of profits or shall bear interest against the Company.
- 105A. A payment by the Company to CDP of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.
106. (1) The Directors may, before recommending any dividend:
- (a) set aside out of the profits of the Company such sums as they think proper as reserves; or
  - (b) carry forward any profits which they may think prudent not to divide, without placing the profits to reserve.

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- (2) The reserves set aside under paragraph (1)(a):
- (a) are at the discretion of the Directors, to be applied for any purpose to which the profits of the Company may be properly applied; and
  - (b) may, pending any application under sub-paragraph (a) and at the discretion of the Directors, be employed in the business of the Company or be invested in any investments (other than shares in the Company) as the Directors may from time to time think fit.
107. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of calls, shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
108. The Directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by the member to the Company on account of calls or otherwise in relation to the shares of the Company.
109. (1) Any General Meeting declaring a dividend or bonus may by resolution direct payment of such dividend or bonus wholly or partly by the distribution of specific assets, including:
- (a) paid-up shares of any other company;
  - (b) debentures or debenture stock of any other company; or
  - (c) any combination of any specific assets, and the Directors shall give effect to such resolution.
- (2) Where any difficulty arises with regard to a distribution directed under paragraph (1), the Directors may do all or any of the following:
- (a) settle the distribution as they think expedient;
  - (b) fix the value for distribution of the specific assets or any part of the specific assets;
  - (c) determine that cash payments be made to any members on the basis of the value fixed by the Directors, in order to adjust the rights of all parties;
  - (d) vest any such specific assets in trustees as may seem expedient to the Directors.
110. Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or (as the case may be) the Depository Register of the member or person entitled thereto or, in the case of joint holders, to the registered address of the joint holder who is first named

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on the register of members or (as the case may be) entered in the Depository Register as joint holders of the share or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders registered in the register of members or (as the case may be) the Depository Register may give effectual receipts for any dividends, bonuses, or other money payable in respect of the shares held by them as joint holders.

110A. Save as otherwise provided for in the Constitution, the payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company Provided Always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

### Capitalisation of Profits

111. (1) The Company in General Meeting may, upon the recommendation of the Directors, resolve to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution.
- (2) The amount capitalised under paragraph (1) is set free for distribution amongst the members who would have been entitled to the amount had it been distributed by way of dividend and in the same proportions subject to the following conditions:
- (a) the capitalised amount must not be paid in cash;
  - (b) the capitalised amount must be applied in or towards either or both of the following:
    - (i) paying up any amounts for the time being unpaid on any shares held by the members respectively;
    - (ii) paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such members in the same proportions.
112. (1) Whenever a resolution under Regulation 111(1) has been passed, the Directors shall:
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised by the resolution;

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- (b) make all allotments and issues of fully paid shares or debentures, if any; and
  - (c) do all acts and things required to give effect to the resolution.
- (2) The Directors have full power to:
- (a) make provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and
  - (b) authorise any person to enter on behalf of all the members entitled to the distribution into an agreement with the Company providing:
    - (i) for the allotment to the members respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon the capitalisation, or
    - (ii) for the payment up by the Company on the member's behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the profits resolved to be capitalised and any agreement made under such authority shall be effective and binding on all such members entitled to the distribution.



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