



HYFLUX LTD

Company Registration No.: 200002722Z

(Incorporated in the Republic of Singapore)

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**THE PROPOSED INVESTMENT IN HYFLUX LTD BY SM INVESTMENTS PTE. LTD.**

**- COURT APPLICATION FOR SUPER PRIORITY FOR RESCUE FINANCING**

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Hyflux Ltd (the "**Company**") refers to its ongoing reorganisation process, and its announcements on 18 October 2018 and 23 October 2018 relating to the entry into a Restructuring Agreement, DIP Loan Agreement and Shareholder's Loan Agreement, each made between the Company and SM Investments Pte Ltd. Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company's announcement on 18 October 2018.

As stated in the Company's announcement on 18 October 2018, pursuant to the terms of the DIP Loan Agreement, the Company was to make a court application under Section 211E(1) of the Companies Act to provide for the loan (the "**Super Priority Debt**") to be made available pursuant to the DIP Loan Agreement to be secured by certain assets of the Group.

In the light of the foregoing, the Company wishes to announce that the Company has applied on 1 November 2018 to the Singapore High Court for, among others, the following orders:

- (i) Pursuant to section 211E(1)(c)(i) of the Companies Act, the Company shall give security over the unencumbered property of the Company such that the Super Priority Debt be secured by way of first priority fixed charges over the following property of the Company:
  - a. all of the Company's ordinary shares in HyfluxShop Holdings Ltd;
  - b. all of the Company's 6% cumulative non-convertible non-voting perpetual preference shares in the capital of HyfluxShop Holdings Ltd;
  - c. all of the Company's shares in Spring China Utility Ltd; and
  - d. all of the Company's shares in NewSpring Utility Pte Ltd.;
- (ii) In the alternative to paragraph (i) above, pursuant to section 211E(1)(d) of the Companies Act, the Company shall give security over the property of the Company



such that the Super Priority Debt be secured by first priority fixed charges over the following property of the Company (if such property is already subject to any existing security interest, then the Super Priority Debt shall have security interest of a higher priority than the existing security interests):

- a. all of the Company's ordinary shares in HyfluxShop Holdings Ltd;
  - b. all of the Company's 6% cumulative non-convertible non-voting perpetual preference shares in the capital of HyfluxShop Holdings Ltd;
  - c. all of the Company's shares in Spring China Utility Ltd; and
  - d. all of the Company's shares in NewSpring Utility Pte Ltd.;
- (iii) Pursuant to section 211E(1)(a) of the Companies Act, the Super Priority Debt be treated as if it were part of the costs and expenses of the winding up mentioned in section 328(1)(a) of the Companies Act if the Company is wound up;
- (iv) In the alternative to paragraph (iii) above, pursuant to section 211E(1)(a) of the Companies Act, to the extent that the value of the security provided pursuant to paragraphs (i) and (ii) above (as applicable) on enforcement and realisation are not sufficient to fully repay the Super Priority Debt, any shortfall be treated as if it were part of the costs and expenses of the winding up mentioned in section 328(1)(a) of the Companies Act if the Company is wound up;
- (v) The security granted pursuant to paragraphs (i) and (ii) above (as applicable) and the priority granted pursuant to paragraphs (iii) and (iv) above (as applicable) each shall not constitute a breach of any existing negative pledge under any facility or loan agreement entered into with any lender or agent by the Company or under the trust deed and the terms and conditions relating to the multicurrency medium term notes issued by the Company; and
- (vi) The security granted pursuant to paragraphs (i) and (ii) above (as applicable) and the priority granted pursuant to paragraphs (iii) and (iv) above (as applicable) each shall not, in and of itself, constitute a ground for any lender or agent under any facility or loan agreement entered into with the Company or noteholder or trustee under the trust deed and the terms and conditions relating to the multicurrency medium term notes issued by the Company, to accelerate or take any other enforcement action under the relevant agreement or instrument, or constitute a breach or default under any such agreement or instrument.

The Company will provide further details on this application when the Court has given its directions.



**Please monitor SGXNet and the Company's website for any announcements or updates on the Reorganisation. If you are a holder of any securities of the Company and wish to receive email alerts providing these updates, please register your request at <http://investors.hyflux.com/contacts.html>. Otherwise, all information and updates will be disseminated via SGXNet and/or the Company's website (<https://www.hyflux.com/financial-reorganisation-exercise/>).**

**Shareholders and holders of the securities of the Company are advised to exercise caution at all times when dealing in the shares and/or securities, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

**BY ORDER OF THE BOARD**

**Lim Poh Fong**

Company Secretary

Submitted to SGX-ST on 2 November 2018