



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

UPDATES ON REORGANISATION PROCESS – TUASPRING INTEGRATED WATER AND POWER PROJECT

Hyflux Ltd. (the "**Company**") refers to its announcement dated 5 March 2019 ("**5 March Announcement**") on Tuaspring Pte. Ltd. ("**Tuaspring**"), a subsidiary of the Company, having received a notice from the Public Utilities Board ("**PUB**") dated 5 March 2019 ("**PUB Notice**") asserting certain defaults by Tuaspring under the Water Purchase Agreement entered into between PUB and Tuaspring dated 6 April 2011 (as amended and/or restated from time to time) (the "**WPA**").

The 5 March Announcement also refers to the Restructuring Agreement entered into between the Company and SM Investments Pte Ltd ("**Investor**") dated 18 October 2018 ("**Restructuring Agreement**") and how a termination of the WPA may entitle the Investor to assert a right to terminate the Restructuring Agreement.

The Restructuring Agreement entitles the Investor to terminate the Restructuring Agreement upon a "**Prescribed Occurrence**" having occurred and, if such Prescribed Occurrence is capable of being remedied, is not remedied within two (2) weeks (or such other period as mutually agreed).

Hyflux Ltd or Tuaspring Pte Ltd ceasing or threatening "*to cease for any reason to carry on its business in the usual and ordinary course*" is a "Prescribed Occurrence" within the meaning of the Restructuring Agreement.

The Company wishes to announce that it has today received a notice from the Investor ("**Investor Notice**") which refers to the PUB Notice and the following extracts from the press release by PUB dated 5 March 2019:

"PUB, Singapore's National Water Agency, has issued a default notice to [Tuaspring] to remedy defaults arising under the [WPA]";

"Given [Tuaspring's] current financial position, [Tuaspring's] inability to fulfil its contractual obligations is unlikely to change in the immediate to longer term"; and

"With the issuance of the default notice, PUB requires [Tuaspring] to fully resolve all defaults within the default notice period, failing which, upon the expiry of the default notice period, PUB will exercise its right to terminate the WPA and take control of the plant".

The Investor Notice asserts that the matters quoted above amount to a Prescribed Occurrence within the meaning of the Restructuring Agreement, and that the Company has two (2) weeks to remedy this.

If the Investor proceeds on the basis that a Prescribed Occurrence has arisen, and is not remedied by the end of the 2-week period (1 April 2019), it may assert a right to terminate the Restructuring Agreement.

The Investor is also entitled, at all times, to release, waive or compromise any obligation or term under the Restructuring Agreement.

The Company and Tuaspring are seeking legal advice on the Investor Notice and are in communication with PUB and the Investor on the matters in the PUB Notice and Investor Notice. The Company will make the appropriate announcements as and when there are any material updates or developments.

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 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 18 March 2019