



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

UPDATES ON REORGANISATION PROCESS
– **TERMINATION OF RESTRUCTURING AGREEMENT**
– **UPDATE ON SCHEME MEETINGS AND EXTRAORDINARY GENERAL MEETING**

IMPORTANT NOTICE

SCHEME MEETINGS: PLEASE NOTE THAT THE SCHEME MEETINGS ON 5 APRIL 2019 AND 8 APRIL 2019 ARE CANCELLED. ACCORDINGLY, SCHEME PARTIES (INCLUDING BANK LENDERS, TRADE CREDITORS, MEDIUM TERM NOTE HOLDERS, PERPETUAL CAPITAL SECURITIES HOLDERS AND PREFERENCE SHAREHOLDERS) NEED NOT AND SHOULD NOT ATTEND THE SCHEME MEETINGS ON 5 APRIL 2019 OR 8 APRIL 2019.

EGM: PLEASE ALSO NOTE THAT SHAREHOLDERS NEED NOT ATTEND THE EXTRAORDINARY GENERAL MEETING OF HYFLUX LTD SCHEDULED TO BE HELD ON 15 APRIL 2019.

Hyflux Ltd (the "**Company**") refers to its announcements on 26 March 2019 (the "**26 March 2019 Announcement**"), 29 March 2019 (which attaches the Company's circular to shareholders dated 29 March 2019) and 30 March 2019 (together with the 26 March 2019 Announcement, the "**Announcements**") concerning disagreements between the Company and SM Investments Pte. Ltd. ("**Investor**") as to various assertions made by the Investor in respect of the restructuring agreement entered into between the Company and the Investor dated 18 October 2018 (the "**Restructuring Agreement**"). The Company also refers to the notices convening the various meetings on 5 April 2019 (for the scheme of arrangement proposed by the Company) and 8 April 2019 (for the schemes of arrangement proposed by Hydrochem (S) Pte Ltd, Hyflux Engineering Pte Ltd and Hyflux Membrane Manufacturing (S) Pte Ltd) (collectively, the "**Schemes**" and the "**Scheme Meetings**"), as well as the notice of EGM dated 29 March 2019 in respect of the extraordinary general meeting to be convened on 15 April 2019 ("**EGM**").

Termination of Restructuring Agreement – Investor's Repudiation of Restructuring Agreement

As stated in the Announcements, the Company has attempted on multiple occasions to meaningfully engage with the Investor on its assertions on the Restructuring Agreement. The Company has also made further attempts to seek clarity on the Investor's position in respect of the investment contemplated under the Restructuring Agreement ("**Proposed SMI Investment**"). However, in light of the Investor's responses and conduct, the Company has no confidence that the Investor is prepared to continue to complete the Proposed SMI Investment, even if all outstanding conditions precedent under the Restructuring Agreement (*ie*, sanction of the Schemes and obtaining the requisite approval at the EGM and from the National Environment Agency) ("**Outstanding Conditions**") are fulfilled.

In view of the upcoming Scheme Meetings scheduled to be held over the immediate next few days, the Company sought a final clear and unequivocal written confirmation from the Investor that it will proceed to complete the Proposed SMI Investment if all the Outstanding Conditions are met. Such a clear and unequivocal confirmation would have enabled voters at the Scheme Meetings and the EGM to make an informed decision without overhanging uncertainty on the Investor's intention in respect of the Proposed SMI Investment.

Regrettably, the Investor has declined to provide the Company with such written confirmation that it will proceed to complete the Proposed SMI Investment if the Outstanding Conditions are met.

In the circumstances, the Investor has repudiated the Restructuring Agreement and the Company has accepted the Investor's repudiation. The Restructuring Agreement is therefore terminated and the Company intends to take all necessary action in connection with such termination.

Next Steps

Notwithstanding the above, the Company wishes to reassure its investors and stakeholders that the Company will continue to relentlessly pursue all other viable strategic opportunities as part of the court-supervised reorganisation process. The Company intends to work closely with the key creditor groups and relevant stakeholders to find mutually acceptable bases to enable the Company to pursue such alternative opportunities.

The Company notes the recent clarification provided by the Public Utilities Board ("**PUB**") on its intention to acquire the loss-making Tuaspring Desalination Plant without seeking compensation from Tuaspring Pte Ltd (in the event that the PUB terminates the Water Purchase Agreement), and believes that such development could potentially enable the Company to reach out to a wider pool of investors which may not otherwise have been interested in an investment in the Group had this asset remained within the Group and for which PUB's approval for a change in control of such asset will be required. The Company will continue liaising with the PUB on this aspect. Although the Company believes that this should help expand the potential catchment of potential investors, for the avoidance of doubt, there can be no assurance that the Company will be successful in securing a new investor or in finding a viable alternative to execute the restructuring.

The Company will keep all stakeholders updated by making further announcements as and when there are material developments.

Updates on Scheme Meetings and EGM

In view of the termination of the Restructuring Agreement, please take note that the Company (and its relevant subsidiaries) **will not** proceed to hold the Scheme Meetings (which were scheduled to be held on 5 April 2019 and 8 April 2019). Similarly, it would serve no practical purpose to conduct the EGM (which was scheduled to be held on 15 April 2019).

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EGM: PLEASE ALSO NOTE THAT SHAREHOLDERS NEED NOT ATTEND THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY SCHEDULED TO BE HELD ON 15 APRIL 2019.

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 ("Securities") 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 4 April 2019**