



HYFLUX LTD

Company Registration No.: 200002722Z

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT ON STATEMENTS MADE BY SM INVESTMENTS PTE LTD CONCERNING TERMINATION OF THE RESTRUCTURING AGREEMENT

Hyflux Ltd (the “**Company**”) refers to its announcement dated 4 April 2019 (“**4 April Announcement**”) concerning the Company’s termination of the restructuring agreement entered into between the Company and SM Investments Pte Ltd (the “**Investor**”) dated 18 October 2019 (“**Restructuring Agreement**”) as a result of the Investor’s repudiation of the same. Unless otherwise defined herein or the context otherwise requires, capitalised expressions used shall have the same meanings as those used in the 4 April Announcement.

The purpose of this announcement is to address certain statements made by the Investor to the media today after the 4 April Announcement.

Investor’s purported “surprise” at the termination of the Restructuring Agreement

The Investor cannot possibly be “surprised” by the termination of the Restructuring Agreement when the basis for doing so was the Investor’s repeated refusal to commit to making the investment necessary for the restructuring:

- (a) Since 25 March 2019, the Company wrote multiple times to seek the Investor’s commitment to making the investment and to warn the Investor that the Company would otherwise be entitled to terminate the Restructuring Agreement.
- (b) When the Company wrote to the Investor to request a clear and unequivocal written confirmation of its commitment, the Company stated clearly that it would have no choice but to terminate the Restructuring Agreement if the Investor declined to do so.
- (c) Regrettably, the Investor, in a letter from its lawyers dated 4 April 2019, declined to provide the written confirmation sought.

Investor’s unfounded allegations concerning a third project

This relates to SingSpring Trust which, as stated in the Company’s 2017 Annual Report, the Company holds a 30% minority interest in.

The majority interest holder, Keppel Infrastructure Fund Management Pte Ltd (“KIFM”), had written to the Company on 29 March 2019 to state that the holding of Scheme Meetings announced by the Company on 22 February 2019 entitles it to exercise buy-out rights under the terms of the relevant agreement between the Company and KIFM (i.e. KIFM may elect to buy the part or all of the Company’s interest in SingSpring for value, subject to regulatory approvals), and sought to reserve those rights. Specifically, KIFM requested confirmation that it would not be subject to the Schemes proposed and that its buy-out rights would not be compromised or otherwise affected by these Schemes. The Company provided such confirmation on 1 April 2019. It is important to note that KIFM’s letter does not indicate whether it intends to exercise such buy-out rights (which it is under no obligation to do so), and

there can be no assurance that KIFM will ultimately choose to do so. Accordingly, there is no “threat to a third major project” as asserted by the Investor.

The Investor, who had been legally advised at all times, had been provided with the relevant agreement since 25 September 2018 and has therefore all along, even prior to the Restructuring Agreement, been well aware of KIFM’s buy-out rights which KIFM has been entitled to exercise in the event of the Company convening a scheme meeting.

Investor’s unfounded allegations concerning its information requests

The Company has provided all material information to the Investor. For more information, please refer to the Company’s announcement dated 30 March 2019. Further:

- (a) Despite being asked by the Company multiple times over the past month, the Investor has not explained how the further information it has requested or received pursuant to such requests necessitates a “reassessment” of the working capital needs of the Group.
- (b) PUB has clarified that it would be willing to acquire the Tuaspring Desalination Plant and waive any compensation that may be payable as a result. This would have alleviated the working capital needs of the Group.
- (c) The Investor was aware of the tight timelines faced by the Company in the light of the 16 April 2019 Long Stop Date under the Restructuring Agreement. It was aware that there would be insufficient time to accommodate any change in the settlement amount under the Schemes if it did not postpone the Long Stop Date. However, despite being prompted on multiple occasions, the Investor not only failed to offer to postpone the 16 April 2019 Long Stop Date but stated that it would not agree to any variation of the terms of Restructuring Agreement.

Moreover, the Investor had, for close to a month, rebuffed all attempts made by the Company to meaningfully engage the Investor on what exactly its concerns over the Company’s working capital needs were.

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 4 April 2019**