

1 February 2019

INFORMATION UPDATE FOR SECURITYHOLDERS OF HYFLUX LTD (THE “ISSUER”) S\$500MILLION 6% PERPETUAL CAPITAL SECURITIES (“THE PERPETUAL SECURITIES”)

This is a further update to the information provided on the Trustee’s website in November 2018.

This announcement is made for the benefit of the holders of the Perpetual Securities and if you do not hold Perpetual Securities, parts of this announcement may not apply to you.

IMPORTANT NOTICE

By this Information Update the we wish to highlight:

- (a) The Issuer’s Notice for the filing of **Proofs of Claim** by **5 pm, Friday, 15 February 2019**; and
- (b) Matters arising from the second round of Town Hall Meetings on 18 January 2019 concerning the Perpetual Securities holders, and in particular, matters concerning the indicative timetable for the reorganisation process.

Notice to file of Proofs of Claim

The Issuer has on 1 February 2019, published a notice (“**Notice**”) to any party with whom there are financial obligations from the Scheme Companies (defined below) to file their claim (“**Proof**”) by **5 pm, Friday, 15 February 2019**. A copy of the Notice can be accessed [here](#). **Please read the Notice carefully.**

The Scheme Companies are: Hyflux Ltd, Hyflux Engineering Pte Ltd, Hyflux Membrane Manufacturing (S) Pte Ltd and Hydrochem (S) Pte Ltd.

The Notice also stated that the Proofs to be filed are for the purpose of meeting(s) to be convened for considering and voting on a compromise or arrangement under the Companies Act (Cap 50) (“**Scheme Meeting(s)**”).

The Proof form applicable to holders of the Perpetual Securities, can be accessed [here](#)

If you wish to obtain a hard copy of the Proof form, you may do so at Hyflux Innovation Centre, 80 Bendemeer Road, Singapore 339949 during normal business hours.

All completed Proofs (with the relevant supporting documents) **must** be submitted via hard copy or email, to the respective addresses stated in the Notice, by the deadline of **5 pm, Friday, 15 February 2019**.

We would like to highlight that the Notice specifies:

*“Any party who is required to and does not file their Proof by **5 pm, Friday, 15 February 2019**, will (subject to the Proposed Chairman’s discretion) not be entitled to vote at the Scheme Meeting(s) and may **not be entitled to any payments or distributions** made pursuant to the compromise or arrangement that will be voted upon at the Scheme Meeting(s).”*

As a holder of the Perpetual Securities, please file your Proof accordingly by the deadline of **5 pm, Friday, 15 February 2019**.

You should seek your own legal and/or financial advice as to what monetary amount, you, as a holder of the Perpetual Securities, may wish to claim in your Proof, including advice on (a) the principal amount of the Perpetual Securities that you hold (b) distribution(s)/dividend(s) and/or payment(s) that you believe is/are due to you.

Second round of Town Hall Meetings

SIAS and the Issuer held a second round of Town Hall Meetings on 18 January 2019.

The Issuer’s/SIAS’ presentation slides at the Second Town Hall Meetings with the Perpetual Securities Holders and the Preference Shareholders (as well as Ms Olivia Lum’s speech) have been placed on the Issuer’s website and may be accessed [here](#). The Issuer has also compiled a list of questions raised at the Second Town Hall Meetings with the answers provided, and these are also available on the Issuer’s website and can be found [here](#). All of the Issuer’s announcements may be found on its [website](#).

We summarise below, an update on some salient aspects of the indicative timetable in relation to the reorganisation process, in light of the information made available to us.

Indicative timetable

The indicative timetable for the reorganisation process is as follows:

1. The Issuer intends to propose the scheme by mid-February. An application will then be made to court for the convening of the meeting of creditors to vote on the scheme.
2. It will then hold the third round of town hall meetings, including for the Perpetual Security Holders on 13 March 2019.
3. The meeting of creditors to vote on the scheme will be convened in the week of 25-29 March 2019.
4. By end-March, assuming the scheme passes, the Issuer will then apply to Court to sanction the scheme.

Between mid-March to early April, the Issuer will also be obtaining approvals from the relevant authorities. It will also seek shareholders’ approval at an extraordinary general meeting on 5 April 2019.

In the meantime, the moratorium has been extended to until 30 April 2019.

An update on the filing of the proofs of debt will be provided by Hyflux in due course.

Investor

SMI Investments Pte Ltd (SMI), a consortium of companies comprising the Salim group of companies (Salim Group) and Medco group of companies (Medco Group) has agreed to invest in the Hyflux Group, on certain terms and conditions and subject to key conditions precedent. We have been informed that the proposed investment seeks to deliver significant long term strategic value to both the Hyflux Group and its stakeholders and contemplates:

- a. An equity investment of S\$400 million for 60% equity in Hyflux Ltd
- b. A shareholder's loan of S\$130 million; and
- c. If required, SMI will provide a S\$30 million rescue financing package prior to completion of the transaction (assuming any rescue financing application is granted by the Singapore court).

The key conditions precedent to the completion of the investment include:

- a. Full and final settlement of Unsecured Financial Debt, Debt Securities (Perpetual Securities and Preference Shares), Contingent Debt and Trade Debt through court sanctioned Schemes of Arrangement or amendments to the existing documents as the case may be;
- b. Regulatory approvals; and
- c. Approvals of shareholders at an EGM.

Features of the Scheme to be proposed

The Scheme will include the following classes of stakeholders:

- a. Unsecured financial creditors (including the banks and noteholders)
- b. Contingent creditors
- c. The Perpetual Security Holders & Preference Shareholders

The likely offer to Perpetual Security Holders will include both cash and equity components.

Liquidation Scenario

The Issuer's liquidation analysis based on its liabilities as at 31 August 2018 indicate that no returns are expected for the Perpetual Security Holders in a liquidation scenario.

If you have any questions for the Issuer, you may contact the Issuer at Hyflux.queries@wongpartnership.com.

If you are concerned about your position, you should seek your own legal and/or financial advice.