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6 July 2018

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

This is a further update to the information provided on the Trustee's website on 1 June 2018. It is a summary of the action taken by the Trustee, Perpetual (Asia) Limited, since that date.

On 22 May 2018, the Issuer announced its decision not to make a distribution payment in respect of the Capital Securities, the payment was due on 28 May 2018. On 24 May 2018, the Trustee wrote to the Issuer seeking confirmation of the Issuer's decision.

On 30 May 2018, the Trustee wrote to the Issuer to highlight that the Issuer had not provided an Optional Payment Notice, at least 5 business days prior to payment due date on 28 May.

The term "Optional Payment Notice" is referred to in Condition 4(a) of the terms and conditions of the Capital Securities, wherein the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on the payment date by giving a notice to the Trustee, the Paying Agent and the Securityholders not more than 20 nor less than 5 business days prior to payment due date.

The Trustee wrote to the Issuer confirming that an event of default had occurred, pursuant to Condition 9(b) of the terms and conditions of the Capital Securities. Condition 9(b) states that the Issuer is deemed to be in default if the Issuer fails to make payment in respect of the Capital Securities on the date on which such payment is due and such failure continues for a period of 7 business days after the due date. The Issuer confirmed receipt of this notice on its website on 11 June; and

On 14 June 2018, the Trustee wrote to the Issuer requesting that the Issuer convenes a Securityholders' meeting to appraise the Securityholders of the Issuer's restructuring plans, and how that might affect the rights and interests of the Securityholders.

The Issuer made an announcement on 19 June 2018 on the outcome of the moratorium application and updates on reorganisation process. The Singapore High Court has granted the Issuer a 6-month moratorium.

Further, the Issuer has announced that that a Town Hall meeting will be held on 19 July 2018, for the Securityholders. Details of the said Town Hall meeting can be found at the following link:
http://investors.hyflux.com/newsroom/20180619_205839_600_9N0CO4IJ3TEBSIHG.1.pdf.

What can you do regarding your distribution payments?

As mentioned in our previous communications, you may need to consult your own legal or financial advisers about the Capital Securities distribution payments and other issues related to the Capital Securities.

In the meantime, Perpetual (Asia) Limited, will continue to act in the interest of Securityholders. If you have any questions we suggest you visit the Issuer's website as referenced above, or if you require any further information, kindly reach out to us at the following email address: contact@perpetual.com.sg or alternatively, call us at +65 6908 8203.

Yours sincerely
Ms Sin Li Choo
Managing Director of
Perpetual (Asia) Limited