

21 December 2018

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.

Proposal relating to potential Scheme of Arrangement and Second Round of Town Hall Meetings

To date, there has not been any formal proposal of a scheme of arrangement. Once a formal proposal has been made, the Trustee will provide an update on this.

The Issuer announced on 31 October 2018 and 23 November 2018 that it is in the midst of engaging the holders of the Perpetual Securities (“the **Perpetual Securityholders**”) with a view to formulate the terms of a Scheme of Arrangement. It has stated that these terms will include details of any settlement, discharge and/or redemption of the Perpetual Securities, the terms of which have to be agreed. The Issuer’s announcement of 31 October 2018 may be found [here](#), and that of 23 November 2018 may be found [here](#).

On this note, the Issuer has also announced that a second round of town hall meetings is to take place on 18 January 2019 (the announcement be found [here](#)). It will also announce further details in due course. Should you wish to attend the meeting or be kept informed of the second round of town hall meetings, the Issuer has requested that you register your interest with SIAS at admin@sias.org.sg or its online form [here](#) by 12.00p.m. on Monday, 14 January 2019.

Extension of Moratorium

In this connection, on 26 November 2018, the Court heard application by Hyflux Ltd, Hyflux Engineering Pte Ltd, Hyflux Innovation Centre Pte Ltd, Hyflux Membrane Manufacturing (S) Pte. Ltd., and Hydrochem (S) Pte Ltd (the “**Hyflux Group**”) for, amongst other things, the moratorium to be extended. After hearing parties in attendance, the Court directed:

- a. The moratorium is to be extended to 30 April 2019.
- b. A further case management conference be scheduled in the week of 21 January 2019.
- c. The hearing of the Issuer’s application to confer super priority status to SM Investment’s working capital loan has been adjourned to a date to be scheduled in January 2019

The Issuer has also made an announcement on these orders and timelines on 26 November 2018, which may be found [here](#).

During the hearing of the application to extend the moratorium on 26 November 2018, the Hyflux Group also stated that it projected that the discussions over the terms of a potential scheme of arrangement would extend into the 2nd week of January 2019. It also projects finalizing the terms

of a scheme of arrangement by the 3rd week of January 2019, and for meetings with creditors to be convened in February 2019. Hyflux Group also inform that these discussions are taking place with an informal Steering Committee for the Perpetual Securityholders and Preference Shareholders.

Developments concerning Tuaspring Pte Ltd (“Tuaspring”)

On 4 December 2018, the Issuer also announced that Maybank has agreed to extend the Issuer’s deadline to execute a binding agreement with a successful bidder or investor in relation to the disposal of Tuaspring up to and including 28 December 2018. The announcement can be found [here](#).

Future Developments

In the light of the above, as matters develop, the Perpetual Securityholders may wish to consider its options, including as to whether they wish to pass resolutions at an appropriate stage.

While the Trustee does not attempt to provide legal advice to the Perpetual Securityholders on its rights and options, the Trustee wishes to highlight that there are requirements and time constraints under the Trust Deed in relation to the calling of meetings and the passing of resolutions, which you should bear in mind.

In this regard, please note:

- a. The Perpetual Securityholders may make a written request to the Trustee to convene a meeting of the Perpetual Securityholders to pass a resolution.
- b. The Issuer or Trustee may call a meeting if either so decide to do so
- c. At least 21 days’ notice is required to call the meeting.
- d. Besides the passing of a resolution at a meeting of the Perpetual Securityholders, the Perpetual Securityholders may also give the Trustee directions, provided that the written request is made by Perpetual Securityholders representing at least 25% in principal amount of the outstanding Perpetual Securities, accompanied by adequate indemnification of the Trustee.
- e. While the Trustee will give due consideration to requests made to it for the convening of a meeting made by Perpetual Securityholders collectively representing at least 10% in principal amount of the outstanding Perpetual Securities, all resolutions validly passed or directions that concern it, this announcement should not be interpreted to mean that the Trustee will be bound to convene any such meeting or to follow any resolutions passed/directions.

For the avoidance of doubt, it is not the Trustee’s present position that a meeting must necessarily be called, as matters stand at present, but we are highlighting these matters for prudence.

All of the Issuer's announcements may be found on its [website](#).

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

If you are concerned about your rights, you may seek your own legal advice.