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November 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 on 10 August 2018.

The Issuer announced on 18 October 2018 that it entered into binding agreements for an investment from SM Investments Pte. Ltd. (“**SM Investments**”). A copy of the announcement can be found here: <http://investors.hyflux.com/news.html/id/683445>.

The announcement reports that SM Investments will be providing S\$530,000,000 in funding as well as interim working capital of S\$ 30,000,000.

On the Issuer’s end, it will issue new shares to SM Investment so that SM Investment will ultimately own 60% of the Issuer.

The investment, however, is subject to the Issuer fulfilling certain conditions, as reported in the announcements. These conditions include:

- a. The full and final discharge of unsecured debts; and
- b. The requisite approvals being obtained (e.g. from SGX, the ordinary shareholders, NEA, the Energy Market Authority, etc.).

The provision of the working capital will also be subject to the Issuer successfully obtaining super-priority status over these funds.

On the discharge of unsecured debts, this investment also impacts creditors, as the announcement also reports that a Scheme of Arrangement will be proposed in due course to negotiate the debts of unsecured creditors, including holders of the Perpetual Securities.

During the process of proposing the Scheme of Arrangement, the Issuer may be required to conduct a Consent Solicitation Exercise with the holders of the Perpetual Securities (as stated in the announcement). This is so that the Issuer can obtain the approval of the Perpetual Securityholders to discharge their debts. This exercise will be coordinated by the Trustee.

The Scheme of Arrangement has not been formally proposed yet, and there is no indication of the terms upon which the Perpetual Securityholders will be asked to discharge these securities. Updates will be provided as and when there are material developments on this front.

The Issuer has also made the investment agreements available for inspection.

Other matters in the Issuer's reorganisation process

There are also developments on several other fronts in relation to the Issuer's reorganisation process.

First, several creditors have applied for more information to be disclosed by the Issuer in relation to the reorganisation process. We understand that Issuer has reached an agreement with the creditors that it will share information where appropriate via a dataroom. A copy of the announcement in this regard can be found here: <http://investors.hyflux.com/news.html/id/685834>.

Second, the deadline for the Issuer to find a buyer for its Tuaspring IWWP expired on Monday, 29 October 2018, under its agreement with Maybank (see Hyflux's announcement in relation to this here: <http://investors.hyflux.com/news.html/id/682524>.) No further updates have been provided on this matter.

Thirdly, the current moratorium in place will soon expire - mid-December 2018. We understand that the Issuer is considering an application for an extension of the moratorium (as announced here <http://investors.hyflux.com/news.html/id/685834>) and needed to file its application by 16 November 2018.

The Trustee has also been served summonses for the Issuer's application to confer super priority status to SM Investment's working capital loan. The Court has given timelines for the filing of affidavits and submissions for this hearing and will hear this application together with the Issuer's application for an extension of the moratorium (if any) on 26 November 2018.

The Trustee will provide further updates on these developments in due course. Updates on the processes in Court are published on the [Issuer's website](#). The Issuer's announcements may also be found on their [website](#).

If you have any questions regarding the Issuer's applications, you may contact the Issuer at Hyflux.queries@wongpartnership.com.

Similarly, should you wish to have access to Court papers filed in the applications or attend the Court proceedings, you may contact the Issuer

1. By emailing them at Hyflux.queries@wongpartnership.com
2. By writing to them at:

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Please quote the reference: MSD/SRM/20181388.

If you are concerned about how the investment or any of the other applications may affect your rights, you should seek independent legal and/or financial advice.