



HYFLUX LTD

(Incorporated in the Republic of Singapore)

(Registration No. 2000002722Z)

UPDATES ON NOTICE OF ARBITRATION - SETTLEMENT AGREEMENT

Hyflux Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcements on:

- (i) 26 October 2015 regarding the signing of a Waste-to-Energy Services Agreement by the National Environment Agency and a consortium comprising the Company and Mitsubishi Heavy Industries, Ltd. ("**MHIL**"); and
- (ii) 5 January 2018 regarding the filing of a notice of arbitration by Hydrochem (S) Pte. Ltd. ("**Hydrochem**") on 2 January 2018 to commence arbitration proceedings against Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. ("**MHIECE**") and Mitsubishi Heavy Industries Asia Pacific Pte. Ltd. ("**MHIAP**", and together with MHIL and MHIECE, collectively, "**MHI**").

The Company wishes to announce that it has on 15 February 2019 entered into a binding settlement agreement (the "**Settlement Agreement**") with MHIL, MHIECE, MHIAP, Hyflux Engineering Pte. Ltd., Hydrochem, TuasOne Pte. Ltd. ("**TuasOne**") and TuasOne Environmental Engineering Pte. Ltd. ("**TEE**"). In connection with the collaboration on the TuasOne Waste-to-Energy project (the "**Project**") described in the 26 October 2015 Announcement and the dispute referred to in the 5 January 2018 Announcement, the terms of the Settlement Agreement provide for, among other things, (i) the early injection by MHIL of its additional equity commitment of approximately S\$23 million under the shareholders' support agreement for TuasOne, (ii) the making of payments to MHIECE and MHIAP as sub-contractor for the Project, (iii) the release and discharge of certain claims, including those between the Company and Hydrochem, on the one hand, and MHI, on the other, and (iv) addresses certain operational matters regarding the Project, so as to facilitate the cooperation of all parties working together to complete the Project.

The Company, MHI and TuasOne have been engaging with, and will work towards obtaining a re-commitment on the part of, the project finance lenders to the Project, to provide the funding required for completion of the Project. Under the Settlement Agreement, the Company, MHIL and TuasOne are to use their best endeavours to work collaboratively to obtain the agreement of the project finance lenders to commit to provide all the financing needed for completion of the Project. The Company, MHIL and TuasOne are required under the Settlement Agreement to use their best endeavours to have TuasOne enter into a settlement agreement with the TuasOne lenders, reflecting and giving effect to the terms of the Settlement Agreement within 60 days of the signing of the Settlement Agreement, or such later date as the parties may mutually agree.

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 15 February 2019