



HYFLUX LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.:200002722Z)

(A) RECEIPT OF SGX-ST APPROVAL-IN-PRINCIPLE FOR THE ISSUANCE OF THE SMI SHARES AND THE DEBT CONVERSION SHARES

(B) ISSUANCE AND DESPATCH OF CIRCULAR

1. Introduction

The board of directors (the "**Board**") of Hyflux Ltd (the "**Company**") refers to the announcement issued on 18 October 2018 by the Company in relation to the proposed investment in the Company by SM Investments Pte. Ltd. (the "**Investor**") (the "**18 October Announcement**").

All capitalised terms used herein shall have the meanings ascribed to them in the 18 October Announcement, unless indicated otherwise.

As stated in the 18 October Announcement, the Company and the Investor had entered into a restructuring agreement on 18 October 2018 pursuant to which the Investor had agreed to, *inter alia*:

- (a) subscribe for such number of new ordinary shares in the Company, representing 60% of the Enlarged Issued Share Capital (the "**SMI Shares**") (the "**SMI Shares Issuance**"); and
- (b) grant to the Company a shareholder's loan of a principal amount of S\$130,000,000, (collectively, the "**Proposed SMI Investment**").

In connection with the Proposed SMI Investment, the Company intends to allot and issue new ordinary shares in the Company ("**Debt Conversion Shares**") in connection with the compromise and arrangement to be entered into by the Company with certain creditors and stakeholders of the Company pursuant to Section 210 of the Companies Act (the "**Proposed Scheme**") for the full and final satisfaction and discharge of certain financial obligations of the Company (the "**Debt Conversion Shares Issuance**", which together with the SMI Shares Issuance shall be known as the "**Proposed Issuance**").

2. Receipt of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Approval-In-Principle

The Board wishes to announce that it has received the approval-in-principle of the SGX-ST on 26 March 2019 for the listing and quotation of up to an aggregate of 18,846,839,736 new ordinary shares in the capital of the Company, comprising 11,779,274,835 SMI Shares and 7,067,564,901 Debt Conversion Shares.

The approval-in-principle of the SGX-ST is subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval by shareholders of the Company ("**Shareholders**") for the Proposed Issuance and the proposed ordinary resolution for the waiver of the rights of Shareholders other than the Investor and its concert parties as well as parties not independent of them to receive a mandatory take-over offer from the Investor for the ordinary shares of the Company as a result of or pursuant to the SMI Shares Issuance (the "**Proposed Whitewash Resolution**");
- (c) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(30) of the Listing Manual of the SGX-ST (the "**Listing Manual**") in relation to the use of the proceeds from the Proposed Issuance and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (d) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual; and
- (e) a written confirmation from the Company that it will not issue the SMI Shares and the Debt Conversion Shares to persons prohibited under Rule 812(1) of the Listing Manual.

The SGX-ST's approval-in-principle is not to be taken as an indication of the merits of the Proposed Issuance, the SMI Shares, the Debt Conversion Shares, the Company and/or its subsidiaries.

3. Issuance and Despatch of Circular

Further, the Board wishes to announce that a circular dated 29 March 2019 has been issued to the Shareholders (the "**Circular**"), which contains, among others, a notice of the EGM to be convened on 15 April 2019 to seek the approval of the Shareholders for, *inter alia*, the Proposed SMI Investment, the issuance of the Debt Conversion Shares in connection with the Proposed Scheme and the Proposed Whitewash Resolution. The Circular will be despatched to Shareholders today.

A copy of the Circular is also available on the website of the SGX-ST at <http://www2.sgx.com> and the website of the Company at <https://www.hyflux.com>.

Shareholders are advised to read the Circular carefully before casting their votes.

Please monitor SGXNet and the Company's website for any announcements or updates on the reorganisation. If you are a holder of any securities of the Company and wish to receive email alerts providing these updates, please register your request at <http://investors.hyflux.com/contacts.html>. Otherwise, all information and updates will be disseminated via SGXNet and/or the Company's website (<https://www.hyflux.com/financial-reorganisation-exercise/>).

Shareholders and holders of the securities of the Company (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
29 March 2019