



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

UPDATES ON REORGANISATION PROCESS – CLARIFICATION ON STATEMENTS MADE BY UTICO FZC IN THE MEDIA

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

- (a) its announcements on 25 April 2019 and 3 May 2019 in relation to the receipt of a non-binding letter of intent from Utico FZC ("**Utico**") for a possible injection of S\$400 million to be used for equity and working capital purposes and possible urgent interim funding (the "**Proposed Investment**");
- (b) the joint announcement by the Company and Utico (together, the "**Parties**") on 11 July 2019 in relation to ongoing discussions between the Parties towards a potential deal involving Utico investing in a 88.0% equity stake in the Company for an investment amount comprising S\$300 million as equity and S\$100 million as a shareholder loan ("**Joint Announcement**"); and
- (c) certain press releases dated 16 July 2019 and 17 July 2019 (collectively, the "**Articles**"), including:
 - (i) the Straits Times article dated 16 July 2019 titled "*UAE utility Utico sweetens offer for Hyflux stake with proposed \$535m deal*"; and
 - (ii) the Channel News Asia online article time-stamped 16 July 2019 at 4.37 p.m. titled "*Utico to buy 88% stake in Hyflux for S\$535 million*".

All capitalised terms used but not defined shall have the meanings ascribed to them in the Joint Announcement.

Clarification

Both Articles quote Utico as saying that "*The equity valuation of (Hyflux) is set at \$340 million, though the total deal value could be \$535 million, higher than an earlier failed deal of \$530 million of SM Investments (SMI)*".

The Company has sought clarification from Utico in respect of the abovementioned statement. The Company wishes to announce it has clarified with Utico that the S\$300m equity injection and S\$100m shareholder loan, together with Utico's current intention to offer the cash equivalent of 4% stake in enlarged Utico group, as stated in the Joint Announcement has not changed. Utico has, by way of the attached media release, assessed the deal value of its Proposed Investment, further to discussions between Utico and the relevant stakeholders referred to in the Joint Announcement and assuming all approvals are obtained and the current commercial terms being negotiated with creditors are accepted, at S\$535 million.

The Company is in continued talks with Utico and stakeholders and material developments will be announced on SGXNet as appropriate. As mentioned in the Joint Announcement, the Proposed Investment by Utico is subject to discussions being completed with the relevant stakeholders and definitive documents being entered into between the Parties. All stakeholders are urged to rely on information provided by the Company in its announcements through SGXNet or other media which are made in accordance with the applicable rules and regulations. In this regard, the Company will make

the appropriate announcements as and when there are any further material developments on the matters above.

Please monitor SGXNet and the Company's website for any announcements or updates on the Company's reorganisation process. 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 securities issued by the Company 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 and Chiang Chai Foong
Joint Company Secretaries
Submitted to SGX-ST on 17 July 2019**



THE UTILITY EXPERTS

Utico to own 88 per cent of Singapore's Hyflux

Utico Hyflux deal value is 535mS\$. Hyflux to remain a listed company

Dubai, UAE, July 15, 2019: Utico and Hyflux through a Joint statement on the Singapore Stock Exchange said that Utico is picking up a stake of 88 per cent in Hyflux, setting the way for the restructuring of the Singaporean company.

Utico said the deal, subject to completion of approvals with creditors and Singapore Stock exchange, investors and the court will lead to the restructuring of Hyflux and give the company a new lease of life. The equity valuation of the company is set at S\$340 million though the total deal value could be 535mS\$ which is higher than the failed SIM deal of 530mS\$.

The deal includes a 400mS\$ commitment to Hyflux by Utico, to ensure it remains a going concern and also to grow the business along with further commitment to P&P investors.

Hyflux will remain as a separate listed company with Utico owning 88%. The deal is subject to regulatory and other approvals.

This landmark deal would place Utico and Hyflux with their joint capabilities and abilities in a stronger position and also create synergies for cost savings and new offerings. It would further enable Hyflux with Utico's unique development, technical and financing abilities to exploit the opportunities in the Middle East, Asia and Africa as well as globally where water demand is increasing requiring innovative and bespoke solutions.

"The aim is to now save time and move expeditiously as both Utico and Hyflux, investors and creditors are aware of the fact that time is of essence in preserving the value of the Singaporean company and arrest further slide," said Mr. Richard Menezes, MD of Utico. This is also important to give a fair deal to Seniors and Juniors creditors/investors which would then keep Hyflux on a firm footing for the future.

Both Utico and Hyflux jointly filed an update on the Singapore Stock Exchange on the proposed investment, which also includes Utico's present intention to address the concerns of the Hyflux perpetual securities and preference (PNP) shareholders by offering cash equivalent of a 4 per

cent stake in the enlarged Utico group plus additional cash payouts. Mr. Richard Menezes said this could give the P&P 50% of their first 2000-3000S\$ dollars as well as a cascade and staggered deal to the rest, thus offering them redemption, options to exit and hope for full redemption. Utico has also made a commitment to list at the Singapore Stock exchange for the deal as committed to SIAS during the May 2019 meeting.

The intention for both Hyflux and Utico is to enter into a definitive agreement on the proposed investment with Senior Creditors approval at the earliest and hold a town hall for both PNP and medium term note holders before the next court hearing on August 2nd 2019.

He further stated that Utico as an ethical investor is committed that both Seniors and P&P will get the best deal possible as per our May 2019 Press Release and email commitment made to SIAS. This would be in the best interest of all stakeholders and would be done on the basis to achieve a win-win-win resolution.

He further reminded that this situation was not caused by Utico but remained committed to resolve it morally, ethically and legally with the understanding and agreement of all parties.

The above follows the deadline set by Utico of 27th June 2019, thereafter informal discussions including face to face meetings led to the joint announcement on SGX.

Ends

For queries if any, contact

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