



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

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## UPDATE ON TUASONE WASTE-TO-ENERGY PROJECT – SETTLEMENT AGREEMENT AND NOVATION OF EPC CONTRACT

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Hyflux Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement on 15 February 2019 in relation to the TuasOne Waste-to-Energy Project (the “**Project**”). Capitalised terms used herein shall have the same meanings as ascribed to them in the said 15 February 2019 announcement.

The Company wishes to update that it has, on 26 December 2019, entered into a binding settlement agreement (“**Settlement Agreement 2**”) with MHIL, MHIECE, MHIAP, Hyflux Engineering Pte. Ltd. (“**HEPL**”), Hydrochem, TuasOne and TEE. The terms of Settlement Agreement 2 cover, among other things, (i) the termination of the Settlement Agreement as of 26 December 2019 so that no party to the Settlement Agreement shall have any claim against any other party in respect thereof, (ii) the novation of the Conditions of Contract for Design, Engineering, Procurement, Construction, Completion, Start-up, Testing and Commissioning of Waste-to-Energy Plant dated 26 April 2016 (the “**EPC Contract**”) from Hydrochem to MHIAP (the “**Novation**”) by a Deed of Novation dated 26 December 2019 (the “**Deed of Novation**”); (iii) the division between MHI and Hydrochem of the remaining payments to be made under the EPC Contract, and Conditions of Sub-Contract for Engineering, Procurement, Supervision of Installation (Deployment of Technical Advisors), Testing and Commissioning of Waste-to-Energy Plant dated 12 May 2016, and (iv) the release and discharge of certain claims, including those between MHIL, MHIAP and/or MHIECE on the one hand, and the Company, TuasOne, Hydrochem and/or HEPL on the other, including a resolution of the matters which were referred for resolution by way of the arbitration referred to in the said 15 February 2019 announcement.

The entry into the Settlement Agreement 2 and the Deed of Novation was necessary to ensure continued funding for the Project by the project finance lenders notwithstanding the debt restructuring of Hyflux, Hydrochem and their related companies, which would, in turn, ensure completion of the Project. In this regard, in connection with Settlement Agreement 2 and the Deed of Novation, certain documentation and arrangements have and will be made between the parties, including those for utilisation of funding from the project finance lenders, and to give effect to second ranking charges granted to MHI and MHIAP to secure payments that will be due to each of these entities.

The Novation is expected to have a material effect on the financial performance of the Group.

The Company will make the appropriate announcements as and when there are any further material developments on this matter.

***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 26 December 2019**