

Our Ref: UT/LTR/2020/01/001  
Date: 28/01/2020

To  
**Hyflux Board of Directors, Shareholders, Investors & all advisors**  
**Singapore**

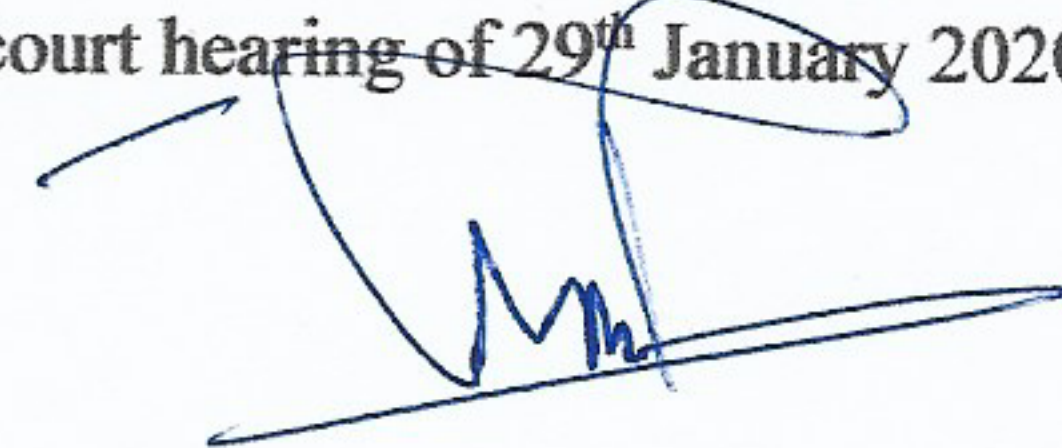
**Subject: Hyflux Board of Directors letter to all advisors**

Dear Sirs and Mesdames,

Pursuant to the letter from Hyflux Board of directors to all advisors, its submitted scheme to the court and the court hearing scheduled for tomorrow 29<sup>th</sup> of January 2020, and per the feedback from some advisors, it seems there is still some apprehension and negotiations from some advisors to not reduce their valid and bonafide invoicing for the Hyflux scheme process.

Having noted this impasse, we would like to put forward the following clarification and proposition for acceptance;

1. Utico per its signed RA of 26<sup>th</sup> November 2019, has capped all advisors fees at 40mS\$ pot to be decided and distributed by Hyflux Board of Directors in a bonafide manner. We understand they have already sent such letters to all advisors with a minimum haircut of 25% on all valid advisors fees.
2. Some advisors have rejected this Hyflux proposal and have stated, they will not support the scheme and the RA, which will then breach the signed RA terms and timelines.
3. Having noted this, Utico would like to make the following proposition to all advisors;
  1. Utico will reduce the pot to 30mS\$ from 40mS\$ if the advisors do not support the scheme to be passed in the court hearing tomorrow 29<sup>th</sup> January 2020.
  2. If all advisors support the scheme in the court tomorrow and the Utico RA signed with Hyflux receives the support from all the advisors in the court hearing tomorrow, then Utico will increase the pot to 50mS\$ for all advisors.
  3. SIAS advisors will be treated in a special manner if their work and efforts results in P&P votes as and necessary, considering they are a Junior Group and has Utico's special separate efforts.
  4. Utico will not consider to exercise its right to exit the 26<sup>th</sup> November 2019 RA if the scheme is supported by all advisors at tomorrow's court hearing of 29<sup>th</sup> January 2020.



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The above proposition is dependent on completing the scheme by April 2020 with the support of all advisors. If all advisors support is obtained, Utico will work with them as best possible in a bonafide manner to reach that timeline.

For clarification purposes, Utico's own advisors fees are separate and not part of the 50mS\$ pot.

Utico will present clearer funding/financing plan as soon as exclusivity is provided to the company and scheme is approved by all advisors as the plan to get Hyflux out of moratorium and back to doing business. This proof will be over and above the 170mS\$ proof of funds already shown to the Senior lenders.

For avoidance of any doubt, Utico does not have any funding and finance issues for this deal but as a normal industry process needs an approved scheme and fixed timelines with the support of all advisors and as per the RA it signed on 26<sup>th</sup> November 2019.

If such approval is not got, Utico cannot continue to commit to a process of a moving goal post or a moving date for a company under moratorium with losing value and maintain the same valuation, payment terms and conditions or the overall recovery to all stakeholders.

Thanks & Regards,

  
**Richard Menezes**  
Managing Director and EVC



- cc: 1. UTICO Board of Directors,  
2. SGX,  
3. The Press,  
4. UTICO Advisors.