

Date: 14 September 2020

From:

Pison Investments Pte. Ltd. ("Pison")
600 North Bridge Road,
#13-01 Parkview Square,
Singapore 188778

To:

Hyflux Ltd
80 Bendemeer Road
Singapore 339949

Attention: Ms Olivia Lum

Dear Sirs,

Invitation Memorandum dated 9 July 2020

1. We refer to the following:

- (a) the Invitation Memorandum issued by Pison dated 9 July 2020 ("**Invitation Memorandum**"); and
- (b) our press statement dated 21 August 2020, providing an update that the response for the Invitation Memorandum has been very encouraging and announcing the extension of the Expiration Deadline under the Invitation Memorandum from 17 August 2020, 5pm to **4 September 2020, 5pm**.

All capitalised terms and expressions used in this letter shall have the same meaning and construction given to them in the Invitation Memorandum.

2. As you may be aware, moving forward, the key timelines under the Invitation Memorandum are as follows:

- (a) Pison is to determine which of the submitted tenders to accept by the Acceptance Deadline (i.e. **25 September 2020, 5pm**); and
- (b) subject to the Tender Settlement Conditions being satisfied or waived in full on or prior to the Long Stop Date (i.e. **31 December 2020**), Pison is to make payment for the Accepted Bids (save for those in relation to the Contingent Debt) on the Settlement Date (i.e. **23 October 2020**).

3. We are pleased to provide a further update on the response to the Invitation Memorandum and the steps Pison has taken to date.

4. On 31 August 2020, we arranged for a townhall meeting for the Noteholders via Zoom for the Invitation Advisor to walk them through the key terms of the Invitation Memorandum and to address the questions they may have. We are pleased to inform you that more than 40 Noteholders attended the townhall meeting and our shareholder and director Johnny Widjaja was able to address such Noteholders. From the questions raised during the Q&A session, our assessment is that the Noteholders are genuinely interested in the Invitation Memorandum.

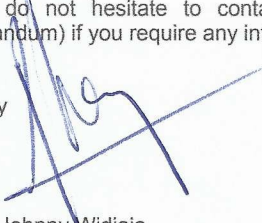
5. As previously updated, the Eligible Creditors continued to submit their Tender Application Forms after the initial Expiration Deadline on 17 August 2020. Following our announcement of the extension of the Expiration Deadline to 4 September 2020, we have received more Tender Application Forms from Noteholders and other Eligible Creditors of Hyflux Ltd and its key subsidiaries.

6. A total of 158 Tender Application Forms have been submitted to date and we are very encouraged that a significant portion of Eligible Creditors have participated in the tender. Some of these tenders were submitted by established financial institutions and corporations (including major banks and multinational corporations).

7. Notwithstanding that the extended Expiration Deadline has passed, we continue to receive submissions of Tender Application Forms from Eligible Creditors and we will admit such late submissions for consideration. We have also received indications from Eligible Creditors including a few significant Eligible Creditors that they are still in the process of obtaining board/management approval to submit their tender applications as their internal processes take time. Given the encouraging response to the Invitation Memorandum to date, we may consider further extending the Expiration Deadline.

8. We have, however, yet to receive any tender applications from the members of the unsecured working group ("UWG") of lenders. We have reached out to each member of the UWG by way of letters from our solicitors CNPLaw LLP ("CNP") dated 17 July 2020 and 23 July 2020. Subsequently, CNP corresponded with the UWG's solicitors Hogan Lovells Lee & Lee ("HLLL") by way of letters dated 5 August 2020, 6 August 2020, 7 August 2020, 12 August 2020, 13 August 2020 and 14 September 2020. Your solicitors Clifford Chance and Cavenagh Law LLP were copied in the series of correspondence.
9. You will note from the exchange of letters between CNP and HLLL that Pison has been actively trying to engage with the UWG and has offered to meet and start a conversation with them. However, the UWG through their advisors have not been willing to meet or engage with us.
10. There are Tender Application Forms we have received from Eligible Creditors with a quantum of Eligible Debt larger than some members of the UWG. These Eligible Creditors must have considered the terms of the Invitation Memorandum and found the terms acceptable and Pison, credible. More than 150 other Eligible Creditors who have submitted tender applications must have also considered the terms of the Invitation Memorandum acceptable. We are therefore puzzled by the stance taken by the UWG's advisors and their refusal to even engage with Pison.
11. In view of the lack of progress in moving matters forward through the UWG's advisors, we have therefore taken the initiative to reach out to the members of the UWG directly through the Invitation Advisor with a proposal regarding purchase of their Eligible Debt. We will keep you updated of the progress with the UWG members.
12. As the Acceptance Deadline of **25 September 2020, 5pm** is fast approaching, we are in the process of reviewing the submitted Tender Application Forms and shall provide an update on the outcome of the invitation in due course.
13. Once we have completed the purchase of a significant portion of Eligible Debts, we will focus on the holders of Perpetual Capital Securities and Preference Shares issued by Hyflux Ltd. ("**P&P Holders**"). We remain committed to facilitate on an expedited basis a debt restructuring exercise that is fair and equitable to the P&P Holders, Hyflux's shareholders and other stakeholders.
14. We are intent on and keen to progress the Invitation Memorandum to completion, actively engage with the UWG members and deal with the P&P Holders through the Securities Investors Association (Singapore) and its advisors over the course of the next few weeks.
15. Pison is aware of the tight timelines and the pressure on the Hyflux group to undertake and complete its debt restructuring exercise and Pison has made concerted efforts and taken active steps to facilitate the progress and success of the Invitation Memorandum. Our Mr Johnny Widjaja has set out in his affidavit filed on 25 July 2020 the steps undertaken by Pison since the letter of interest dated 25 June 2020 and we have in this letter also highlighted the further steps and successes achieved since.
16. Our position has not changed. We continue to be interested in investing in the Hyflux group. We, together with our advisors, have been working tirelessly on this matter and Pison has incurred much time and costs to date. We believe Pison's Invitation Memorandum presents a viable plan for the restructuring of the Hyflux group. Our hope is that if Pison is successful in completing the Invitation Memorandum and dealing with the UWG, the P&P Holders and Hyflux's shareholders, Hyflux, an iconic company in our view, together with the help of Pison, can be rescued and can once again flourish.
17. Please do not hesitate to contact the Invitation Advisor (details are in the Invitation Memorandum) if you require any information or clarification.

Yours faithfully



Signed by Mr Johnny Widjaja
Director