

Privileged & Confidential

**TERM SHEET
FOR A NEGOTIATED TRANSACTION WITH HYFLUX, LTD.**

*The terms and conditions described in this Non-Binding Term Sheet (the “**Term Sheet**”), including its existence, shall be confidential information and shall not be disclosed to any third party without the permission of SGI (defined below). This Term Sheet summarizes the principal terms of a negotiated transaction (the “**Transaction**”) with Hyflux Ltd and its other affiliated companies, a SGX listed, Singapore domiciled corporation (the “**Company**” or “**Hyflux**”) and Strategic Growth Investments, LLC, a Delaware limited liability company (“**SGI**” or “**we**”) in the United States. This Term Sheet summarizes key terms for a series of proposed transactions, including, without limitation, the (i) acquisition and (ii) corporate reorganization and restructuring of Hyflux, by certain investment funds managed directly or indirectly by SGI (together with such investment funds collectively, the “**SGI Funds**”). Both SGI and Hyflux may each be referred to herein as a “**Party**” and together, the “**Parties**.” Except as expressly provided herein, this Term Sheet imposes no duty, legally binding obligation, agreement or commitment on SGI to proceed with the Transaction and SGI may at any time, and for any reason, terminate discussions or negotiations in relation to this Term Sheet except as provided in “**Section B – Binding Terms**”.*

For the avoidance of doubt, all terms summarized in Section B shall be fully binding upon acceptance of this Term Sheet by the Parties. No legally binding obligations will be created until definitive agreements are executed and delivered by all Parties. This Term Sheet is not a commitment to invest, and is conditioned on the completion of due diligence, legal review and documentation that is satisfactory to SGI.

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| 1. Companies: | Hyflux Ltd and its other affiliated companies including, but not limited to, the Affiliates listed below: <ul style="list-style-type: none"> • Hyflux Membrane Manufacturing (S) Pte Ltd • Hydrochem (S) Pte Ltd • Hyflux Engineering Pte Ltd • Tuaspring Pte Ltd • TuasOne Pte Ltd • Hyflux Energy Pte Ltd • Hydrochem Saudi Limited • Tianjin Dagang Newspring Co., Ltd • Qurayyat Deslination SAOC • H.J. NewSpring Limited • Hyflux Utility (TJ) Limited • Spring China Utility Ltd • NewSpring Utility Pte Ltd • Singspring Pte Ltd • MenaSpring Utility (S) Pte Ltd • Tahlyat Myah Magtaa SPA • HyfluxCapital (Singapore) Pte Ltd |
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| | <ul style="list-style-type: none"> • Hyflux Utility (Oman) Pte Ltd • Hyflux International Pte Ltd • Tus Water Group Limited • Hyflux Innovation Centre Pte Ltd • Hyfluxshop Holdings Ltd • MenaSpring Utility (Tlemcen) Pte Ltd • Tlemcen Desalination Investment Company SAS • Almiyah Attilemcania SPA |
| 2. Investor and Investment Thesis: | <p>SGI and its principals have worked within, consulted for, invested in, and created value for various technology and industrial companies across several verticals. SGI operates as a holding company of leading businesses and works collaboratively with management teams to share our operational best practices from the successful businesses we have partnered with.</p> <p>As a partner, we would implement a turnaround strategy, an SGI led and designed Restructuring and Reorganization Plan (the “RRP”), and a Value Creation Plan (the “VCP”) at Hyflux. We are hands-on and plan to help the Company become the clean tech EPC market leader, leveraging technical innovation and brand value, to capture market share, and achieve profitable growth.</p> <p>SGI plans to:</p> <ul style="list-style-type: none"> • Grow revenue by implementing targeted marketing campaigns • Transition to a CapEx-lite strategy and drive continued R&D innovation • Grow reach in vertical and adjacent markets pursuing strategic acquisitions or partnership opportunities <p>Moreover, we take a structured operational approach to building our financial models as well, and with our investment the company should achieve significant growth while still having enough remaining cash to invest in growth. Consequently, we will not need to finance growth via future equity but instead via the Company’s operating cash flows.</p> <p>However, should SGI, in collaboration with management, seek to pursue initiatives that require additional capital, SGI is prepared to deploy said capital in a structure that reflects market terms and aligns interests among SGI, the Stakeholders, and the Company, including management and the employees.</p> |
| 3. Proposed Transaction: | <ul style="list-style-type: none"> • Acquisition and privatization of 100% ownership in Hyflux, including but not limited to, all of its subsidiaries, ownership interests in plants and other businesses, ownership stake in trademarks, patents, technologies or brands, and rights to be transferred. • Structured as approximately S\$208 million cash purchase of: <ul style="list-style-type: none"> • Newly issued Class A common equity, equal to 100% of Total Common Equity (“TCE”) at close |

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| | <ul style="list-style-type: none"> Newly issued Convertible Securities (“CS”) <ul style="list-style-type: none"> Zero par, zero liquidation value, zero dividend, full subordination to Class A common equity Converts to Class B common equity upon performance hurdle (4.5x CoC) based on a liquidity event (e.g., IPO, dividend recapitalization, 3rd party equity capital injection, majority sale). For the avoidance of doubt, Class B common is non-voting and represents no more than 16% of TCE. The distribution of the cash purchase shall be in accordance to section 10 of this Term Sheet. On a fully diluted, fully converted basis, TCE shall be composed of : (i) Class A Common Equity, equal to 75% of TCE; (ii) Class B Common Equity, equal to 16% of TCE; and (iii) the Equity Stock Option Plan (“ESOP”), equal to 9% of TCE. <ul style="list-style-type: none"> CS equal to 1% of TCE shall be exchanged for 100% of existing common equity Distribution of CS to occur concurrently with cash distributions |
| 4. Senior Unsecured Creditors: | Includes MTN, Banks, Facilities, and Others – as classified by court proceedings |
| 5. Contingent Claimants: | As disclosed in any existing court proceedings |
| 6. P&P: | Defined as the holders of the Hyflux Perpetual Capital Securities and the holders of Hyflux Preference Shares. |
| 7. Creditors: | Includes the adjudicated classes in its entirety: P&P, Senior Unsecured Creditors, Contingent Claimants, and Trade Creditors – as disclosed in any existing court proceedings |
| 8. Stakeholders: | Includes Creditors, existing common equity shareholders, the Hyflux management team, any and all advisors associated with the restructuring and reorganization process, and any and all other claimants who have filed proof of debt and has been accepted by the court in the court adjudication document released by Hyflux in March 2020 |
| 9. Payment Mechanism: | <ul style="list-style-type: none"> Upon the signing of the final agreement, a confirmation of funds in SGI Fund’s account shall be provided. Upon issuance of Class A shares and the Convertible Shares and the |

| | <p>concurrent release of all claims by all Stakeholders:</p> <ul style="list-style-type: none">○ Approximately S\$155 million shall be paid to the Creditors other than that of the Contingent Claimants in the manner provided in Section 10 of this Term Sheet.○ Approximately S\$53 million to be placed in an account under Hyflux control for the benefit of Contingent Claimants○ S\$60 million to be injected into the Company as working capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 10. Use of Cash Proceeds: | <ul style="list-style-type: none">● S\$60 million for the Company’s working capital● Cash payment and allocation of CS to acquire and extinguish all claims of all Stakeholders of the Company according to the RRP. <p>Cash and CS shall be exchanged for the claims of the Creditors as follows:</p> <table><tr><th></th><th>Claims³ (S\$000s)</th><th>%⁴</th><th>Cash (S\$000s)²</th><th>CS as % of TEC</th></tr><tr><td>P&P</td><td>1,032,610</td><td>4%</td><td>41,304</td><td>10%</td></tr><tr><td>MTN</td><td>291,095</td><td>9%</td><td>26,199</td><td rowspan="3">5% allocated pro-rata across all Senior Unsecured Creditors</td></tr><tr><td>Banks/ Facilities</td><td>630,746</td><td>9%</td><td>56,767</td></tr><tr><td>Others</td><td>164,662</td><td>9%</td><td>14,820</td></tr><tr><td>Contingent₁</td><td>588,415</td><td>9%</td><td>52,957</td><td>0%</td></tr><tr><td>Trade Creditors</td><td>78,933</td><td>20%</td><td>15,787</td><td>0%</td></tr></table> <p>¹ Placed in account controlled by Hyflux for Contingent claims, expires in 2 years. Shall any contingent claims not crystalize within the 2 year period, the remainder amount of \$53 million shall be returned to Hyflux as working capital on the expiration date.</p> <p>² Based on reported adjudicated claims</p> <p>³ Claims are based upon adjudication results as represented in the court documents released by Hyflux in March 2020 and listed here for reference only. Should the adjudication claims amounts increase, the final settlement amount, listed under the column “Cash,” represents the maximum settlement amount and shall not increase.</p> <p>⁴ The % column is for reference only. Should the adjudication amounts increase, the final settlement amount, listed under the column “Cash,” represents the maximum settlement amount and shall not increase. Thus, the % amount may change depending upon the updated adjudicated claims amounts.</p> | | Claims ³ (S\$000s) | % ⁴ | Cash (S\$000s) ² | CS as % of TEC | P&P | 1,032,610 | 4% | 41,304 | 10% | MTN | 291,095 | 9% | 26,199 | 5% allocated pro-rata across all Senior Unsecured Creditors | Banks/ Facilities | 630,746 | 9% | 56,767 | Others | 164,662 | 9% | 14,820 | Contingent₁ | 588,415 | 9% | 52,957 | 0% | Trade Creditors | 78,933 | 20% | 15,787 | 0% |
| | Claims ³ (S\$000s) | % ⁴ | Cash (S\$000s) ² | CS as % of TEC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 11. Employee Stock:Option Pool: | Warrants equal to 9% of TCE issued with four-year vesting schedule for key existing and future employees. |
| 12. Source of Funds: | To be provided upon signing binding Letter of Intent, and to be kept confidential, with customary non-solicitation documentation to follow at that time. |
| 13. Pre-Conditions: | <ul style="list-style-type: none"> • Successful negotiation of all outstanding restructuring and reorganization fees and advisory costs going forward. • Successful discharge by court of all liabilities and claims, outstanding and potential. • Board and Company management support of SGI Transaction. • Creditors support of SGI Transaction. • The Company agrees to support and facilitate the adoption of the offer herein by all Stakeholders. • Obtaining the requisite judicial and regulatory approvals and such other approvals as may be required by SGI for the proposed transaction. • Legal and Tax Accounting diligence, with completion dates based on estimates from third parties. • Audit Accounting diligence to verify financials and operations, with completion dates based on third parties. • Other customary commercial diligence to align interests among all Parties, with completion dates based on third parties. • All pre-existing documentation shall be amended and restated to reflect the whole of SGI's investment proposal. • The Company shall confirm accounts, etc. provided to SGI/TSSG on the basis of which SGI has made the financial offer in this Term Sheet. • The Company and its Representatives (as defined in the Non-Circumvention section below) shall preserve the Company's assets as the date of signing this Term Sheet. |
| 14. Management Team: | <ul style="list-style-type: none"> • Augmentation of executive leadership and replacement of Board of Director in its entirety. • Ms. Olivia Lum: <ul style="list-style-type: none"> ○ Transitions to Non-executive Chairperson of the Advisory Board, assisting with business development efforts. • A new CEO shall oversee the RRP upon the execution of definitive agreement |
| 15. Timing: | <ul style="list-style-type: none"> • SGI will make a good faith effort to consummate the Transaction as soon as commercially possible with the acknowledgment by all parties that the ongoing "COVID-19 pandemic" may likely cause unexpected delays on a continuing basis. |

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| | <ul style="list-style-type: none"> • SGI is targeting a closing date that is 60 days from the execution of the binding Letter of Intent during which all definitive documents for the Proposed Transaction shall be executed. • All timelines are subject to any updated estimates from third parties. • The Company agrees to make good faith effort to provide the necessary documents, information, access, and any other requirements immediately for the purposes of preparing restructuring agreements/documents and for closing these transactions as soon as possible. |
| 16. Documentation; Process: | <ul style="list-style-type: none"> • All operating agreements and other definitive agreements shall be drafted by counsel to SGI and shall include customary covenants, representations, and warranties of the Parties reflecting the provisions set forth herein. • The process, including but not limited to, milestones, tasks, and contingencies shall be set forth in the definitive agreements. |

Section B – Binding Terms

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| 17. Governing Law; Jurisdiction: | <ul style="list-style-type: none"> • This Term Sheet and all matters relating hereto are governed by, and construed in accordance with, the laws of Singapore, without regard to the conflict of laws provisions. Any legal suit, action, or proceeding relating to this Term Sheet must be commenced in a court in Singapore. Each Party irrevocably submits to the exclusive jurisdiction of the Singapore courts in any such suit, action, or proceeding. |
| 18. Non-Circumvention: | <ul style="list-style-type: none"> • The Company and its employees, officers, directors, partners, attorneys, accountants, advisors, agents, consultants, and affiliates (collectively “Representatives”) agree not to circumvent or otherwise interfere with the underwriting and execution process of SGI and its capital sources. Should the Company choose not to pursue any transaction with SGI, the Company and its Representatives agree not to contact any capital source introduced to the Company by SGI. The Company and its Representatives acknowledge the proprietary nature of how SGI develops its capital base. The Company and its Representatives agree that any direct contact, or indirect contact via a third party or otherwise on behalf of the Company, with SGI’s capital sources or SGI’s Representatives for future potential transactions without express written consent from SGI constitutes circumvention and a violation of this Term Sheet. • Notwithstanding the foregoing, the Company and its Representatives may contact those SGI capital sources they can prove were previously known by the Company or its Representatives prior to the date listed on this Term Sheet. • This clause shall survive the expiry of this Term Sheet. |

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| 19. Exclusivity: | <ul style="list-style-type: none"> For the avoidance of doubt, acceptance of this Term Sheet represents a good faith effort by the Parties, to enter into a negotiated transaction to consummate the Proposed Transactions. For a period of 60 days from the Effective Date (as defined below), the Company agrees and acknowledges: <ul style="list-style-type: none"> Not to pursue any and all transactions with another party relating to an acquisition of ownership of the Company in any amount without SGI's express, written consent in this Term Sheet. Notwithstanding the above, the Company may continue discussions with another party relating to the acquisition of ownership of the Company if the discussion began prior to the issuance of this Term Sheet. This Term Sheet shall remain valid for a period of 60 days upon which a binding Letter of Intent shall be issued and signed by SGI and all Stakeholders. |
| 20. Damages: | <ul style="list-style-type: none"> Hyflux acknowledges and agrees that any breach of this Term Sheet that causes monetary loss to SGI, SGI shall be entitled to receive monetary damage for any such breach. |
| 21. Assignment: | <ul style="list-style-type: none"> The Parties may not assign this Term Sheet, in whole or in part, to any other person or entity without the express prior written consent of the other Party or its successor in interest, as applicable, except as expressly provided otherwise in this Term Sheet. A putative assignment made without such required consent will have no effect |
| 22. Counterparts: | <ul style="list-style-type: none"> This Term Sheet may be executed by the Parties in counterpart, each of which when executed and delivered shall have the full force and effect of an original, but all such counterparts shall constitute one and the same instrument |
| 23. Expenses: | <ul style="list-style-type: none"> Each party shall pay their own legal and other fees and expenses in connection with the Transaction. No payment of commissions, finder's fee, or any other fee or expense by SGI or the Company to any advisors or intermediaries not appointed by SGI with regards to SGI's offer herein. |

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 10th day of November, 2020 (the “**Effective Date**”).

Strategic Growth Investments, LLC



Michael Hong, Chief Investment Officer