



HYFLUX LTD

Company Registration No.: 200002722Z

(Incorporated in the Republic of Singapore)

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## GRANT OF WAIVERS FROM RULE 705(1), 705(2) AND 707(1) OF THE LISTING MANUAL

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Hyflux Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcements on:

- (a) 19 June 2018 in relation to the High Court of Singapore granting orders pursuant to Section 211B(1) of the Singapore Companies Act for a six-month moratorium (“**Moratorium**”) following applications filed by the Company and certain Group subsidiaries (the “**Hyflux Applicants**”);
- (b) 28 June 2019 in relation to the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for extensions of deadlines for the Company to:
  - (i) announce the unaudited financial statements of the Group for the financial year ended 31 December 2018 (“**FY2018 Financial Statements**”);
  - (ii) announce the unaudited financial statements of the Group for the first quarter ended 31 March 2019 (“**1QFY2019 Financial Statements**”);
  - (iii) announce the unaudited financial statements of the Group for the second quarter ended 30 June 2019 (“**2QFY2019 Financial Statements**”); and
  - (iv) hold the annual general meeting for the financial year ended 31 December 2018 (“**FY2018 AGM**”),in the light of the ongoing reorganisation process (“**Reorganisation**”);
- (c) 30 September 2019 in relation to the extension of the Moratorium by the High Court of Singapore to 2 December 2019;
- (d) 19 November 2019 in relation to the approval of the SGX-ST for further extensions of deadlines for the Company to announce its FY2018 Financial Statements, 1QFY2019 Financial Statements, 2QFY2019 Financial Statements and to hold its FY2018 AGM;
- (e) 20 February 2020 in relation to the extension of the Moratorium by the High Court of Singapore to 30 April 2020;

- (f) 8 April 2020 in relation to the approval of the SGX-ST for further extensions of deadlines for the Company to announce its FY2018 Financial Statements, 1QFY2019 Financial Statements, 2QFY2019 Financial Statements, 3QFY2019 Financial Statements and to hold its FY2018 AGM; and
- (g) 16 April 2020 in relation to the extension of the Moratorium by the High Court of Singapore to 30 July 2020.

### **Rule 705(1), 705(2) and 707(1) of the Listing Manual**

Rule 705(1) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) requires the Company to announce:

- (a) the FY2018 Financial Statements no later than 1 March 2019 (“**FY2018 Financial Statements Deadline**”); and
- (b) the unaudited financial statements of the Group for the financial year ending 31 December 2019 (“**FY2019 Financial Statements**”) no later than 1 March 2020 (“**FY2019 Financial Statements Deadline**”).

Rule 705(2) of the Listing Manual requires the Company to announce:

- (a) the 1QFY2019 Financial Statements no later than 14 May 2019 (“**1QFY2019 Financial Statements Deadline**”);
- (b) the 2QFY2019 Financial Statements no later than 14 August 2019 (“**2QFY2019 Financial Statements Deadline**”); and
- (c) the unaudited financial statements of the Group for the third quarter ended 30 September 2019 (“**3QFY2019 Financial Statements**”) no later than 14 November 2019 (“**3QFY2019 Financial Statements Deadline**”).

Rule 707(1) of the Listing Manual requires the Company to hold:

- (a) the FY2018 AGM no later than 30 April 2019 (“**FY2018 AGM Deadline**”); and
- (b) the annual general meeting for the financial year ending 31 December 2019 (“**FY2019 AGM**”) no later than 30 April 2020 (“**FY2019 AGM Deadline**”).

As announced on:

- (a) 28 June 2019, the Company had written to request approval from the SGX-ST for further extensions in respect of the FY2018 Financial Statements Deadline, FY2018 AGM Deadline, 1QFY2019 Financial Statements Deadline and 2QFY2019 Financial Statements Deadline, all of which were approved subject to the conditions set out in the announcement on 28 June 2019.

- (b) 19 November 2019, the Company had written to request approval from the SGX-ST for further extensions in respect of the FY2018 Financial Statements Deadline, FY2018 AGM Deadline, 1QFY2019 Financial Statements Deadline, 2QFY2019 Financial Statements Deadline, 3QFY2019 Financial Statements Deadline, FY2019 Financial Statements Deadline and the FY2019 AGM Deadline, all of which were approved subject to the conditions set out in the announcement on 28 June 2019.
- (c) 8 April 2020, the Company had written to request approval from the SGX-ST for further extensions in respect of the FY2018 Financial Statements Deadline, FY2018 AGM Deadline, 1QFY2019 Financial Statements Deadline, 2QFY2019 Financial Statements Deadline, 3QFY2019 Financial Statements Deadline, FY2019 Financial Statements Deadline and the FY2019 AGM Deadline, all of which were approved subject to the conditions set out in the announcement on 8 April 2020.

The Company had, on 28 April 2020, written to the SGX-ST to request for the following:

- (a) approval for the following waivers:
  - (i) a waiver from Rule 705(1) to dispense with requirement to announce the 1QFY2019 Financial Statements;
  - (ii) a waiver from Rule 705(1) to dispense with requirement to announce the 2QFY2019 Financial Statements; and
  - (iii) a waiver from Rule 705(1) to dispense with requirement to announce the 3QFY2019 Financial Statements;
- (b) confirmation that the Company need not release its 1QFY2020 Financial Statements and any subsequent quarterly financial statements until the completion of the Reorganisation.
- (c) approval for the following extensions of time:
  - (i) a further three (3)-month extension of time under Rule 707(1), to hold the FY2018 AGM by 30 September 2020 (total 17 months);
  - (ii) a further three (3)-month extension of time under Rule 707(1), to hold the FY2019 AGM by 30 September 2020 (total 5 months);
  - (iii) a further four (4)-month extension of time under Rule 705(1), to announce the unaudited FY2018 Financial Statements by 31 August 2020 (total 18 months); and
  - (iv) a further four (4)-month extension of time under Rule 705(1), to announce the unaudited FY2019 Financial Statements by 31 August 2020 (total 6 months).

(collectively, the “**Waiver**”)

### **Grant of the Waiver**

The SGX-ST granted the Waiver on 13 May 2020, subject to the following conditions:

- (a) the Company announces the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the conditions for the grant of the Waiver have been satisfied. Where the conditions for the grant of the Waiver have not been met on the date of this announcement, the Company is to make an update announcement when the conditions have all been met; and
- (b) the Company submits a written confirmation that it is not aware of any information that will have a material bearing on investors' decisions which has yet to be announced by the Company.

### **Application to ACRA for extension of deadlines**

The Company had, on 28 April 2020, also written to request approval from the Accounting and Corporate Regulatory Authority ("**ACRA**") for the following extensions of time under the Companies Act:

- (a) a further extension of time to hold the FY2018 AGM by 30 September 2020, and to file the annual return of the Company for the financial year ended 31 December 2018 ("**FY2018 AR**") with ACRA by 31 October 2020; and
- (b) a further extension of time to hold the FY2019 AGM by 30 September 2020, and to file the annual return of the Company for the financial year ended 31 December 2019 ("**FY2019 AR**") with ACRA by 31 October 2020.

(collectively, the "**Extensions**")

On 30 April 2020, ACRA granted the Extensions. The new deadlines for FY2018 AGM and FY2019 AGM is 30 September 2020 and the Company is required to file FY2018 AR and FY2019 AR with ACRA by 31 October 2020.

### **Reasons for Seeking the Waiver**

The level of certainty in completing the Reorganisation has a direct impact on the Company and the Group's basis for preparing our financial statements on a going concern basis. The Company has been advised by its auditors that the use of the going concern basis of accounting would be the most appropriate, useful and relevant only if the Reorganisation has a reasonable basis to be successful, which is in turn premised on the requisite meetings and due process having taken place.

Based on the indicative timetable as set out in the Explanatory Statement of the Company dated 17 March 2020, the relevant meetings for the Reorganisation should have taken place in the months of April 2020 – May 2020. In fact, the scheme meetings were scheduled to take place on 22 and 23 April 2020, and notices of such meetings had been issued by the Company. However, in light of the Coronavirus Disease 2019 (“**COVID-19**”), the Company had, on 7 April 2020, filed urgent applications to the High Court to vary the timelines to convene the scheme meetings and to extend the existing moratorium until 30 July 2020 or until further order. On 16 April 2020, the High Court ordered that the scheme meetings originally scheduled to occur on 22 and 23 April 2020 be postponed to a later date to be decided. The High Court also extended the moratorium until 30 July 2020.

As matters currently stand, until the requisite meetings and due process take place, there is no firm basis for the Company to prepare, or for the auditors to opine on the financial statements on a going concern basis. On the other hand, preparing and presenting the financial statements on a liquidation basis when the Reorganisation is still in progress and at an advanced stage would result in an absurd and misleading reflection of the financial position of the Group given that the Group is currently in the process of working towards convening the requisite meetings and completing the Reorganisation.

Accordingly, the release of financial results prior to the relevant requisite meetings and due process taking place may potentially result in inaccurate and incomplete reflection of financial information to investors. The Company considers that releasing the unaudited financials for 1QFY2019 to 3QFY2019 is unlikely to be meaningful, given the lapse of time and the concurrent release of the financial results of the FY2019 Financial Statements. Given that major entities within the Group have been in moratoria since May 2018, the financial trends that quarterly results announcements are meant to provide would not be achieved and would not provide guidance to stakeholders in the current context. In light of the ongoing Reorganisation, quarterly financial statements are less likely to be meaningfully applied and this is even more so given that such quarterly financial statements are released after some time. Any material developments on the Company’s state of affairs have been, and going forward will likely be, released via continuous disclosures. The grant of the Waiver will allow the Group to release its FY2018 Financial Statements, FY2019 Financial Statements, and 1QFY2020 Financial Statements and any subsequent quarterly financial statements (collectively, the “**Financial Statements**”) after the successful completion of the Reorganisation, which is in turn premised on the requisite meetings and due process having taken place. With the Financial Statements being prepared on a going concern basis, these Financial Statements would allow the market to better assess the financial impact of the Reorganisation.

Amidst the ongoing COVID-19 situation, including the extension of the nationwide ‘circuit breaker’ to 1 June 2020, as announced by the government on 21 April 2020, the Company is still in the midst of exploring alternative means of conducting its scheme meetings and annual general meetings, for instance via remote teleconference. However, the Company also notes the COVID-19 (Temporary Measures) Act 2020 (the “**COVID-19 Act**”) and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Order**”) issued

in respect of the COVID-19 Act. Section 4(2) of the Order states that the Order does not apply to any meeting of a company held pursuant to an order of the High Court under Section 210(1) of the Companies Act. This essentially means that the alternative arrangements for our prospective scheme meetings are not provided for under the Order. The Company is awaiting further guidance to be issued in respect of scheme meetings, failing which, the Company may be required to apply for the necessary orders allowing it to put in place alternative arrangements for convening scheme meetings.

The Company would also need to apply to Court for, among other things, the dispensation of the requirement to hold the meetings physically, if required. Given the ongoing COVID-19 situation and the increasingly strict measures and laws promulgated by the government to implement social distancing and prohibit large gatherings, any meeting convened by the Company needs to take into account such measures and laws. The Company would also need time to consider any such changes to the measures and statutory regime and prepare for the convening of the meetings. With the extension of the 'circuit breaker' period to 1 June 2020, the pace of certain businesses and service providers (including vendors providing remote meeting services) is expected to be further affected for an extended period of time, which will have a bearing on the arrangements of the Company's annual general meetings and scheme meetings and there is a real possibility that the meetings cannot be convened quickly in the immediate future. This would in turn impact the preparation of the Financial Statements which are premised on the requisite meetings and due process having taken place, as elaborated above.

***Please monitor SGXNet and the Company's website for any announcements or updates on the Reorganisation. 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 the securities of the Company are advised to exercise caution at all times when dealing in the shares and/or securities of the Company, 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  
Company Secretary  
Submitted to SGX-ST on 14 May 2020**