

Date : 26/05/2020

Ref : UT/IRM/HYF/2020/05/001

To

Hyflux Board of Directors, shareholders, investors , creditors & all advisors

Subject: Restructuring Agreement signed on 26th November 2019

Dear Sirs and Mesdames,

Hope you are all well and Safe.

These are unprecedented times which has resulted in demand destruction all over the world for businesses. Lives and Livelihoods are at stake and eventually later in this year and for many years Livelihoods will be the focus of attention more so.

Fortunately for us, our demand has been increasing but we will need to continually innovate to be sustainable. We have managed our company well and I am confident that we will continue to be positioned on a firm footing in our markets as the lowest priced, reliable, quality producer and supplier.

We had signed the subject RA hoping to consummate it in 2019 , first on 26th August 2019 and finally on November 26th 2019. Unfortunately we could not get HLL board to support initially and finally UWG and advisors did not support the deal. We also did not have explicit support from P&P advocate SIAS till date, even though we found the Townhall of 20th Jan 2020 well attended.

These are times many jobs are at stake, where the survival of Hyflux could save 250 jobs in Singapore and another 400 worldwide. Utico has positioned itself to bid and complete several projects where the skill of these people can be utilized.

Noting this and other aspects including receiving the KPMG Financials per RA only today 26th May, when it was due on 27th January 2020, we after careful consideration would like to state as hereunder;

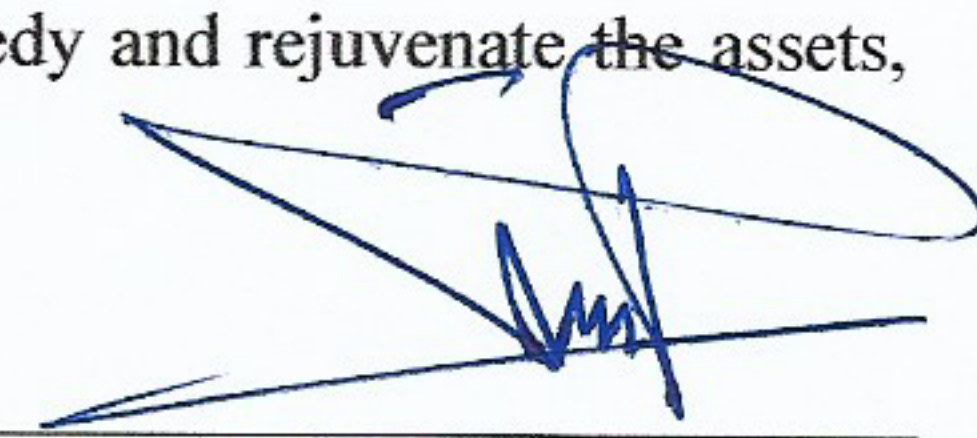
A.

Utico would like to proceed with the RA terms and conditions as signed of 26th November 2019 except for the following 4 points;

1. All cash considerations will now be changed into Utico & Hyflux Stock as payment.
2. Senior unsecured creditors will receive 17% of Utico and 12.5% of Hyflux as payment.
3. P&P will receive 5% of Utico and 12.5% of Hyflux as payment.
4. Advisors will get 5% of Hyflux as payment

The metrics used shall remain per RA as 300mS\$ equity valuation of HLL and P&P option 2 minimum of 50mS\$ payout for 4% Utico shares. All stock payment are as beneficial shareholding and does not have board seats, control or business restrictions.

In lieu, Utico will invest at Hyflux SPV in Oman and Algeria to rectify, remedy and rejuvenate the assets, time being of the essence.



B.

Since time is of the essence, we can only keep this offer valid till June 4th 2020. We propose the following actions to meet the timelines;

1. HLL board approval along with major shareholder Olivia Lum's approval of this proposition.
2. Senior unsecured Creditors written approval.
3. No additional costs build up or undue further loss of time. Hence once HLL and Major shareholder has approved this proposition, Utico will utilise its advisors to arrange the documentation to consummate the transaction including representing Hyflux at the court to pass the scheme. This advisors cost will be borne by Utico.
4. Immediate approval to continue the business of Hyflux and work with Utico on all projects.
5. No further extension of moratorium.

This proposition is also contingent on immediate approval and action by HLL to transfer all project agreements and shareholding of Hyflux project companies in Algeria, Oman, which are to be transferred to Utico on Board approval with no undue delay. This will enable Utico to remedy, rectify and build the value of these assets, arrest the running penalties and stem the value leakage.

Once the deal is accepted by HLL and approved by creditors, scheme passed with all regulatory and other approvals and consummated, Utico at its sole discretion will engage with Senior unsecured creditors, P&P and advisor parties for a Buyback of its shares on an exclusive basis.

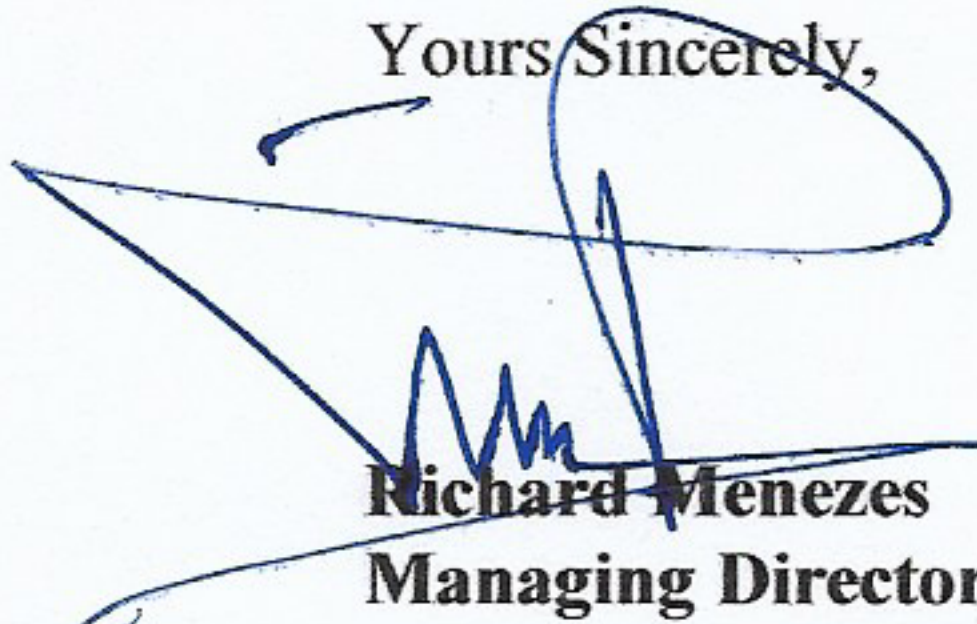
All other terms and conditions per RA remain the same, save those that may need change.

Utico reserves its rights to not extend the RA or this offer beyond 4th June 2020 at its sole discretion or earlier if it sees no positive response from HLL and senior unsecured creditors within a reasonable time from this letter published by Hyflux officially.

We hope good reason and sound wisdom will prevail in the interest of so many stakeholders including all those employees and investors who will be better off by saving this company.

May the good Almighty bless us all and keep us.

Yours Sincerely,


Richard Menezes
Managing Director and EVC

