



HYFLUX LTD

Company Registration No.: 200002722Z

(Incorporated in the Republic of Singapore)

Commencement of Court Supervised Process for Reorganisation

The Board of Directors of Hyflux Ltd. (the “**Company**”) wishes to announce that the Company and five of its subsidiaries, namely Hydrochem (S) Pte Ltd, Hyflux Engineering Pte Ltd, Hyflux Membrane Manufacturing (S) Pte. Ltd., Hyflux Innovation Centre Pte. Ltd. and Tuaspring Pte. Ltd. (collectively, the “**Applicants**”) have today applied to the High Court of the Republic of Singapore pursuant to Section 211B(1) of the Singapore Companies Act to commence a court supervised process to reorganise their liabilities and businesses (the “**Applications**”). The Company is taking this step in order to protect the value of its businesses while it reorganises its liabilities. The Company has engaged WongPartnership LLP as legal advisors and Ernst & Young Solutions LLP as financial advisors in this process.

Rationale for Commencement of Court Supervised Reorganisation Process

As mentioned in the Company’s announcement on 27 February 2018, the oversupply of gas in the Singapore market has resulted in depressed electricity prices which has adversely impacted the Group’s financial performance in 2017. The impact of the weak Singapore power market continued to drive losses for the Group in the first quarter of 2018, as announced by the Company on 9 May 2018.

This prolonged weakness has led to increasing strain on the Group’s finances, resulting in short-term liquidity constraints in recent weeks. This has been compounded by restrictions on the repatriation of monies into Singapore from projects overseas, as well as increasing amounts having to be placed in fixed deposit accounts as a requirement for performance bonds to be issued or renewed in support of the existing projects.

The Board of Directors has been advised, and is of the view that, to address these challenges, preserve value and maintain a sustainable capital structure, a transparent and court supervised reorganisation process is in the best interest of all of the Company’s stakeholders. In particular, the Board of Directors is of the belief that the Applications, if granted, will provide space and room for the Group to continue their business operations in the ordinary course, and to work with key stakeholders and advisors to pursue the reorganisation process which includes ongoing discussions with strategic investors and asset divestments.

Among other things, the Applicants seek the following orders in the Applications (the “**Moratorium**”), that for a period of six months from the date of the Applications or until further order:

- (a) no proceedings in Singapore (or seated in Singapore, as the case may be), whether before a court, arbitral tribunal or administrative agency, and whether current, pending or threatened against the Applicants, shall be commenced or continued against the Applicants;

- (b) no appointment of a receiver or manager over any property or undertaking of the Applicants shall be made;
- (c) no execution, distress or other legal process shall be commenced, continued or levied against any property of the Applicants;
- (d) no step to enforce any security over any property of the Applicants, or to repossess any goods held by the Applicants under any chattels leasing agreement, hire-purchase agreement, or retention of title agreement shall be taken; and
- (e) no right of re-entry or forfeiture under any lease in respect of any premises occupied by the Applicants shall be enforced, including any enforcement that may be taken pursuant to Sections 18 or 18A of the Conveyancing and Law of Property Act (Cap. 61).

Pursuant to Section 211B(8) of the Companies Act, upon the making of the Applications, the Moratorium would automatically be in effect for 30 days commencing from the date of the Applications, or until the date the Court decides the Applications, whichever is earlier. During the Moratorium, no order may be made and no resolution may be passed for the winding up of the Applicants.

The Company and these selected subsidiaries will continue to work closely with all of their respective creditors to achieve the best possible outcome for all interested parties, in order to establish a foundation for long-term stability and success. Further material developments in relation to this reorganisation process will be shared by the Company via SGXNET as and when they arise.

As part of the reorganisation process, the Board of Directors will be working with its advisors to conserve its cash and only make payments critical to the continued operation of the Group's businesses. In this connection, the Company has been advised that the payment of the distribution on its S\$500 million 6.00% Perpetual Capital Securities (SGX:BTWZ) which will be due on 28 May 2018 (on account of 27 May 2018 falling on a Sunday) should not be made at this point in time.

Request for Trading Suspension

Trading in the Company's shares and securities listed on the SGX-ST has been halted since 21 May 2018. As the Company's financial position remains unclear pending the outcome of the court supervised reorganisation process, the Company has also requested for a voluntary trading suspension of its shares and securities listed on the SGX-ST in order to protect the interests of each stakeholder group, and to avoid a potential situation where trading in such shares and securities may occur in the absence of complete information on the ongoing reorganisation process. The Company intends to request for a lifting of the trading suspension as soon as it is appropriate to do so without compromising the interests of any stakeholder group.

Shareholders and holders of the Company's securities are advised to read this announcement and any further announcements by the Company carefully. There is no certainty or assurance as at the date of this announcement that any discussions or prospects will be successfully concluded or any definitive agreements will be entered into. Shareholders and holders of the Company's securities 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 22 May 2018