

2<sup>nd</sup> June 2020

**Hyflux Ltd.**  
202 Kallang Bahru  
Singapore 339339

For the attention of:

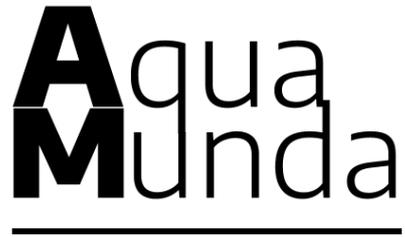
- The Board of Directors
- Chief Executive Officer

Dear Ms Lum,

This letter is sent for the attention of The Board of Directors of Hyflux Ltd (**Board**) and yourself, as the Chief Executive Officer. We shall be grateful if you would provide a copy of this letter to the Board.

On behalf of Aqua Munda Pte. Ltd. (**Aqua Munda**), we would like to provide the Board and yourself as the Chief Executive Officer with a status update as well as our current intention and thinking as follows:

1. Aqua Munda continues to be interested in acquiring the senior unsecured debts as well as the preference shares and perpetual capital securities of the Hyflux Group (including those that were made subject-matter of the Invitation that was extended since December 2019). Whilst there had been some success in attracting bids for the Invitation as well as direct approaches from institutional creditors for the sale of the debts that they are carrying, the recent global markets developments, including the highly unexpected impact from the COVID-19 pandemic and oil crisis, have necessitated a re-assessment on Aqua Munda's part on what would be an acceptable and sensible pricing for the secondary market purchase of the unsecured debts. We can confirm that appropriate funding arrangements are in place and, barring unforeseen circumstances, we expect to secure a significant tranche of the unsecured debts shortly.
2. However, as we have previously indicated, the purchase of the unsecured debts and the seeking of a return from a successful debt restructuring exercise of the Hyflux Group are of themselves not the end-goals of Aqua Munda. An important driver of Aqua Munda's interest in the Hyflux Group is the potential synergy that Aqua Munda has with the Hyflux Group. Aqua Munda (through the support of its stakeholders) has, on hand, several critical infrastructure projects in Indonesia, Vietnam and MENA countries that would benefit greatly from the technical expertise and track record of the Hyflux Group, its management and R&D team as well as the availability of the technologies and know-how of the Hyflux Group in the water treatment sector. Hence, Aqua Munda is committed to helping the Hyflux Group to complete its debt restructuring and be reinstated as a going-concern as soon as practicable.



3. In this regard, we are fully cognizant of the cash flow constraints that the Hyflux Group is facing as a result of the drawn out debt restructuring process and the toll that it has on the on-going operations of the Hyflux Group. Subject to the grant by the Court of a further extension of the existing moratorium, Aqua Munda is ready to provide no less than S\$10 million of cash funding to meet the on-going operational costs and other working capital needs of the Hyflux Group, such funding to be by way of loan or otherwise on terms and conditions to be mutually agreed.

We would like to propose that the respective representatives of Aqua Munda and Hyflux commence formal discussions as soon as practicable with the aim of entering into binding Heads of Agreement on the above within this week so as to memorialise the mutual commitment and understanding of the parties including the basis on which the above-mentioned cash funding is to be provided.

Please feel free to share the above status update with the various stakeholders (including the banks and creditors of the Hyflux Group) as you deem appropriate.

Should you wish to discuss any of the above, please do not hesitate to contact any one of us.

Yours faithfully,  
For and on behalf of  
**Aqua Munda Pte. Ltd.**

A handwritten signature in blue ink, appearing to be "Bambang Sugeng bin Kajairi", is written over the text "For and on behalf of Aqua Munda Pte. Ltd.".

Bambang Sugeng bin Kajairi  
Director