



Speech by Ms Olivia Lum

Executive Chairman and Group Chief Executive Officer, Hyflux Ltd

At the second town hall meeting, reorganisation update

18 January 2019

Ladies and Gentlemen

A very good evening to you. Thank you for taking the time to join us for our reorganisation update.

It has been several months since our last town hall session, and I am grateful for your patience as we work through different options. While we have been making regular announcements on our progress in the past few months, I think this is a good opportunity for me to personally update you on what has been happening, in case some of you have missed the announcements, and also for you to ask questions.

On 18 October 2018, we made an announcement that after going through an intense and rigorous process, the Board of Directors has identified a strategic investor whom we believe will bring the best value to our stakeholders. This investor is the Salim-Medco consortium, a veteran player in the infrastructure industry. This consortium presented an impressive proposal to the Board which stood out from the rest, not only based on the total investment value, but also their overall growth plan for Hyflux,



synergy with their existing businesses and the strong financial backing from Salim-Medco. The Board strongly believes that based on this proposed plan, this consortium will elevate Hyflux to new heights and generate sustainable, profitable growth for the Group.

As part of this investment, we have been working hard with SMI and our advisors in the past few months on the details of a rescue plan which will be shared with all stakeholders in due course. Our advisors will explain the timeline and the scheme process to you shortly. The Board has been fighting hard for all stakeholders and strongly believes that this rescue plan that is being finalised, is the best option available for all parties, and we hope to have your support when the time comes.

To ensure you have a good understanding of what the investor will be bringing to Hyflux, we are fortunate today to have Pak Arief Sidarto, who will represent SMI to share more about the consortium, the growth plans they have for Hyflux, and the synergies they bring to the Group in the water and energy space. With stakeholder support on the rescue plan, SMI will become the majority shareholder in Hyflux at 60%. As the controlling shareholder, they have given their commitment to maintain good corporate governance and to drive the Group to greater heights.

I have personally met Pak Anthony Salim several times in the past few months, and I believe he is sincere and committed to revive Hyflux. I urge



you to give Hyflux and give yourself a chance by supporting the new investor and the rescue plan.

Without support for this rescue plan, the alternative for Hyflux would likely be liquidation. As some of our assets are located in challenging jurisdictions overseas, liquidation will result in a much less favorable outcome for all stakeholders as our advisors will share with you later in the presentation.

I started this company some 30 years ago and built it into a company with mega infrastructure projects all over the world. This company is very personal to me. I share your pain as I am 100% aligned with you. I know many of you have been asking about what I am personally giving up in this restructuring.

With SMI coming in at 60% stake, this is effectively a “takeover” which is unlike other companies undergoing restructuring where the founder continues to drive the company. I have volunteered to give up receiving any management shares, meaning that my founding stake in Hyflux will be reduced to almost zero. For the sake of all creditors, I am committed to ensure a smooth takeover by the investor SMI as I am optimistic that SMI will bring more value to Hyflux and to all stakeholders in the coming years.

Thank you.