Asia Credit Research

Hyflux Ltd: Special Interest Commentary

Thursday, 24 May 2018

- Hyflux Ltd ("HYF") announced that the company and five of its subsidiaries have applied to the High Court of Singapore to commence a court supervised process to reorganise their liabilities and business.
- Per company, prolonged weakness in the electricity space has led to increasing strain on finances which had resulted in short-term liquidity constraints. This was compounded by restrictions on repatriation of monies into Singapore from projects overseas as well as increasing amounts to be placed in deposit accounts as requirement for project-related performance bonds. In our view, this is likely to have been triggered by the performance bond providers.
- We think the move by HYF to enter into a court driven process allows the company a chance at addressing the challenges it currently faces. HYF would need to recapitalise its balance sheet, which would have knock-on effects to its capital source providers.
- In our view, two key assets (Tuaspring, SingSpring) have strategic value, which increases the likelihood for the company to be rehabilitated. If successfully rehabilitated, we think the company is likely to be smaller in scale with a narrower business scope.
- The situation at HFY is fluid and highly dependent on how much sustainable debt HFY can afford to carry on its balance sheet post-restructuring. We assume that principal lenders are willing to come to the table and partake in a debt restructuring scenario given that HFY holds strategic assets and additionally have assets which are valuable only if the business continues to be in operations.
- A scenario may occur where senior lenders take some hit to principal value. Recoveries for all parties under this scenario are highly dependent on agreed-upon asset values which would help determine sustainable debt levels. Should this happen, there is a fair possibility where perpetual and CPS holders get equitized into common equity (at least in part).
- We think Tuaspring can be sold though there is high uncertainty with regards to timing and pricing. Erring on the side of conservatism, we have used a lower number for this commentary. An upside scenario for Tuaspring is not out of the question, if a strategic investor can be found and the strategic rationale for the acquisition supersedes financial considerations.

Treasury Advisory

Corporate FX & Structured Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

Investments & Structured Products

Tel: 6349-1886

GT Institutional Sales

Tel: 6349-1810

OCBC Credit Research

Ezien Hoo, CFA

(65) 6722 2215

EzienHoo@ocbc.com

OCBC Credit Research currently does not cover HYF. We have presented this paper as a special interest commentary.

Background: On 22 May 2018, Hyflux Ltd ("HYF") announced that the company and five of its subsidiaries have applied to the High Court of Singapore to commence a court supervised process to reorganise their liabilities and business. Legal and financial advisors have been engaged as part of this process. This follows HYF's trading halt on 21 May 2018 and HYF's listed securities have been suspended. On 23 May 2018, HFY announced that it will exit an earlier contract awarded in Saudi Arabia, in a bid to conserve capital.

HYF was incorporated as the investment holding company of the group to prepare for its public listing (including Hydrochem (S) Pte Ltd, the original company founded in 1989). HYF was the first water treatment company to be listed on the Singapore Stock Exchange in 2001. HYF's competencies include the design, construction, finance and maintenance of seawater desalination plants. In addition to Singapore, HYF has undertaken projects in China, Algeria and Oman. In recent months, HYF was awarded a project in Iran and is simultaneously developing its consumer business. The key assets HYF owns include (1) Tuaspring, an integrated water and power plant ("IWPP") (2) 30%-stake in SingSpring desalination plant (3) Tianjin Dagang desalination plant. Tuaspring and SingSpring are vital assets in our view, which increases the rehabilitation prospects for HYF.

With the company likely to be undergoing a financial restructuring, we are writing this piece to share our thoughts on the developing situation.

A) Key credit considerations:

1Q2018 results continue to be dragged by Tuaspring: For 1Q2018, HYF's revenue declined 21% y/y to SGD72mn. The drop in revenue was driven by the decline in the Engineering, Procurement and Construction ("EPC") activities as EPC revenue is recognised at the earlier stages of a project. Excluding Tuaspring, HYF's loss for the year was SGD774,000 against profit of SGD26.5mn in 1Q2017. In 1Q2018, loss at Tuaspring (net of tax) on a standalone basis was SGD23.2mn (1Q2017: loss at Tuaspring was SGD27.0mn). Adding on Tuaspring's losses, HYF reported a total net loss of SGD24.0mn for the period. Comparatively in 1Q2017, HYF's total loss was small at only SGD458,000 though this was boosted by one-off gains. Tuaspring is an integrated water and power project ("IWPP") with a water capacity of 318,500 cbm/day and 411 MW of power. Since January 2017, HYF has been in the midst of selling 70% of its stake in Tuaspring (both water and power as a whole) and in April 2017, financial advisers were appointed to assist in a sale. Even though the proposed sale process has exceeded 12 months, Tuaspring is still permitted under accounting exemptions to be classified as "held for sale" given that the delay was deemed to be caused by events beyond HYF's control and HYF remains committed to sell the asset.

Tuaspring – the elephant in the room: We do not have the financial breakdown between the water portion versus the power portion at Tuaspring, though it is highly likely that the power portion is driving losses at Tuaspring, with power capacity more than required for its own use (for water). Commentaries from sector observers in 2011 (when Tuaspring was awarded) highlighted that the desalination operations at Tuaspring and SingSpring, which is located near Tuaspring, would only use 25% of Tuaspring's power capacity (implying 75% of excess power to be sold to the grid). Tuaspring's water operations were up and running by September 2013 and official operations started in March 2016. In May 2016, together with 1Q2016 results announcements, HYF indicated that the power plant was expected to incur losses on the back of the challenging market landscape of low electricity prices. Overall, there has been a marked change in the electricity landscape since 2011 when the power plant was first initiated. In 2010, reserve margin (measures available capacity over and above the capacity to meet peak demand) was 54%, though this has increased over the past seven years, and is projected at 81% by end-2018. While this is high, we have seen reserve margins for Singapore at ~80% historically in 2005. The Energy Market Authority has projected a fall in total electricity supply in the coming years (from 13,500 MW in 2018 to 11,900 MW next year) due to retirement of certain steam capacity and this should help narrow some of the losses faced by power plants.

Good chance for Tuaspring to be sold eventually, key question is when and at what price: In our view, there is a good chance for Tuaspring to be sold as the water portion of the plant is highly strategic. Tuaspring's water capacity is 2.3x that of SingSpring while the capacity on each of the three upcoming water plants is about the size of SingSpring. The key uncertainty is timing and pricing. Given the challenging market landscape, we are not optimistic that HYF would be able to sell Tuaspring as a whole (versus separating the water and power components) and at book value (we note from media reports that HYF was seeking to monetise Tuaspring at book value). As at 31 March 2018, the net book value of Tuaspring was SGD907.5mn (asset held for sale less liabilities held for sale). While the concession agreements are non-public, power is a liberalised sector in Singapore with no restrictions for foreign buyers. It is likely though on an asset-level, that there could be ownership restrictions (or regulatory approval required) for the sale of the water portion. There are no foreign ownership restrictions on HYF at the company level.

Capital structure dominated by debt and hybrid securities: As at 31 March 2018, common equity (total equity minus the perpetuals and Cumulative Preference Shares ("CPS")) was SGD112.8mn, representing 4% of HYF's total capital. Perpetuals and CPS collectively make up SGD887.4mn, representing 35% of total capital while the rest is made up of debt. Perpetuals and CPS are accounted for as part of total equity. A non-call (or non-payment of distribution) is not an Event of Default. HYF missed the first call date (was on 25/04/18) on the CPS given that the divestment of Tuaspring had not happened and per company, a call would be deferred until post-divestment of Tuaspring. HYF is well within their rights not to call on the CPS and opting to conserve cash instead.

Uncertain dividends and distributions going forward: Willingness aside, for Singapore-incorporated companies, dividends can only be made out of profit generated in the year and retained profits. As at 31 March 2018, HYF reported an accumulated loss of SGD9.6mn versus retained earnings of SGD25.5mn in end-2017 (with successive losses and dividends / distributions paid, retained earnings have been wiped out from end-2016's SGD209.4mn). Dividends to CPS are subject to reduction or non-payment if HYF has insufficient Distributable Reserves (amounts available to the issuer for distribution as a dividend in compliance with Section 403 of the Companies Act). HYF faces a perpetual distribution in end-May 2018 amounting to SGD15.0mn and HYF has announced that it will not be paying out that distribution. HYF has shared that it will only make payments that are critical to the continued operations of the group's business. However, we note that HYF's perpetual documentation contains a dividend pusher with a lookback period of six months and HYF had paid a dividend-in-specie in February 2018. Nonetheless, we believe that the non-payment of this May 2018 distribution does not constitute an event of default. In any case, this has now become a moot point given that HYF is protected from creditor demands due to the moratorium.

Insufficient cash flow generated from operations: EBITDA (based on our calculation which does not include other income and excluding losses at Tuaspring) was SGD3.8mn in 1Q2018, down from EBITDA of SGD13.5mn in the previous year. With finance cost (excluding capitalised interest) of SGD16.3mn, interest coverage from an income perspective was not meaningful. For companies reliant on service concessions such as HYF, cash consumed for plant construction are captured under cash flow from operations. Construction revenue is recognised on the income statement while long-term assets are recognised as HYF has a right to receive future payments (during the operations and maintenance phase that last 20-30 years). As heavy cash outflow would occur due to construction, it is fairly common for such companies to report negative operating cash flow during the earlier phases of a project. Nonetheless, for HYF, we have noticed that from FY2010 until FY2017, cash flow from operations has been consistently negative with the cash gap funded by a combination of borrowings, perpetuals, CPS and asset disposals. In our view, this indicates that cash outflow for construction has been at a faster pace versus receipts of cash from completed projects. In 1Q2018, reported net cash outflow for operations was SGD51.2mn while net investing outflows was SGD16.6mn. In contrast, net investing inflow in 1Q2017 was SGD267.2mn as the company disposed its Galaxy NewSpring portfolio which helped alleviate the liquidity strain.

Cash dividends to equity holders has been omitted: Since 2008 to May 2017, HYF had regularly paid cash dividends to common equity holders, with total dividends paid (which also include dividends on CPS and distribution on perpetuals) at SGD64.5mn in FY2017. A cash dividend though was omitted in August 2017 while the most recent dividend paid to common equity holders was in the form of a dividend-in-specie (ie: the HyfluxShop spin-off). The HYFSP 5.75%-PERP was redeemed in January 2017 at first call from new borrowings and cash from disposal. In 1Q2018, net increase in borrowings at HYF was minimal at SGD8.7mn, while cash interest paid was SGD25.6mn. The cash gap at HYF was largely funded from drawing down of existing cash balances and HYF ended the quarter with cash balance of SGD233.8.1mn (end-2017: SGD314.2mn). Excluding restricted cash (eg: pledged to lenders) and excluding cash contained within assets held for sale, we think the unencumbered cash at HYF was only SGD168.1mn as at 31 March 2018.

Increase in net gearing: As at 31 March 2018, unadjusted net gearing (using reported book value of equity where CPS and perpetuals are fully accounted for as equity) was 1.4x (end-2017: 1.3x). Reported book value of equity was SGD1.5bn in end-2016 and had declined to SGD1.0bn as at end-2017 which was then kept relatively stable as at 31 March 2018. HYF saw other comprehensive income during the quarter which buffered the reported losses. The CPS and perpetuals contain sizeable step-ups. Adjusting the CPS and perpetuals as debt, we find adjusted net gearing at 20.0x (end-2017: 18.0x).

B) Where to from here

HYF has filed to commence a court supervised process to reorganize its liabilities and business, which we think has a good chance of receiving court approval. In terms of immediate next steps, HYF will get a [30 day automatic stay] and if granted, a further six month moratorium period where it will be protected from creditor demands to sort out the various challenges at the company. We think the company would use this breathing room to focus on asset sales and reassure its stakeholders (eg: suppliers, customers, capital source providers). This six month period may be extended down the road. As part of the process, HYF is very likely to present a tentative restructuring proposal to the various capital holders, including bank lenders.

The situation at HFY is fluid and highly dependent on how much sustainable debt HFY can afford to carry on its balance sheet post-restructuring. We assume that principal lenders are willing to come to the table and partake in a debt restructuring scenario given that HFY holds strategic assets and additionally have assets which are valuable only if the business continues to be in operations (eg: HFY is sitting on SGD1.2bn of service concession receivables in addition to Tuaspring). Based on the team's past experience with historical restructurings in the SGD fixed income space, we think the following can occur in a restructuring scenario for HYF:

(i) Asset values (excluding Tuaspring) largely intact, with senior lenders taking little negative impact to principal value

Under a scenario where the sale of Tuaspring is forthcoming, sold at slightly below net book value and asset value (excluding Tuaspring) is held intact, we see a high possibility for senior lenders to retain their principal value. Nonetheless, given the liquidity strain at the company, we think it is likely for senior lenders to still take an extension in maturity and interest payments. This is a relatively benign scenario in light of what is happening and it is likely that senior lenders will refrain from demanding additional compensation (eg: in the form of subordinated securities and/or equity) to compensate for the extension in time. In this scenario, principal outstanding on perpetuals and CPS holders may be preserved. The perpetuals and CPS are likely to see prices fall to around theoretical recovery values when market resumes trading given the increasing uncertainty over future distribution/dividend and redemption. Equity holders are likely to keep their proportion ownership in the company.

(ii) Reduction in sustainable debt levels to match HFY's cash flow generation ability, with senior lenders taking a hit to principal value

Recoveries for all parties on this scenario are highly dependent on agreed-upon asset values which would help determine sustainable debt levels. While it is too early for us to speculate on a recovery value, we see a fair possibility for holders of the CPS and perpetuals to be equitized into common equity (at least in part). Tuaspring aside, HFY has large asset values on its balance sheet, chiefly from its service concession agreements where cash inflow would only be received over a long period of time. Given the backdrop that HFY is finding it challenging to sustain current levels of interest payments and near term maturities, there is cause for overall sustainable debt levels to be pared lower. Excluding Tuaspring, gross debt was SGD1.5bn as at 31 March 2018. While we think project finance debt (excluding Tuaspring) may have been structured to match cash flow from specific projects, holding company-level debt may have been over-extended. In our view, if senior lenders are required to take larger impairments, this would increase the probability of CPS and perpetual holders to be equitized into common equity. While CPS and perpetuals are already accounted for as equity in its financials, senior lenders may find it more palatable to support a restructuring with outright common equity buffer. Any incoming equity investor may also prefer these hybrid securities to be restructured as well, as these currently sit senior to common equity. Purely by priority of ranking, existing shareholders may see zero-to-little recovery on their common equity as it is possible for them to effectively be replaced by the CPS and perpetual holders. Nonetheless, assuming a proposed restructuring via a scheme of arrangement, a likelier possibility will be a negotiated outcome with all classes of stakeholders attempting to demand better compensation.

(iii) Liquidation scenario

In the scenario of liquidation, HYF's asset values underpin recovery values for the security holders. We present the following based on two starting assumptions (a) We assume that Tuaspring can be sold (though below net book value) and (b) we also assume that HFY can sell its other assets rather than having the on-going concession agreements terminated. The CPS and perpetuals rank *parri passu* with each other. We assume a 62.5% write-down of the book asset value of Tuaspring where Tuaspring is sold for SGD553mn versus the book asset value of SGD1.5bn as at 31 March 2018. We also assume that liabilities at Tuaspring stays at SGD567.5mn and these would be paid down before other capital providers of HFY. As mentioned, there is significant uncertainty as to the final price tag of Tuaspring and this can affect recovery values substantially on the CPS and perpetuals. Following company's 22 May 2018 announcement, there is also uncertainty as to how much unencumbered cash is retained at the company post 31 March 2018.

We present below some of our thoughts on key asset classes.

(i) Cash: As at 31 March 2018, cash reported at HYF's balance sheet was SGD233.8mn, though restricted cash was SGD65.7mn. In the 22 May 2018 announcement, the company shared that restrictions on the repatriation of monies into Singapore from projects overseas as well as increasing amounts that had to be placed in deposits as requirement for performance bonds on projects had added to its liquidity strains. For the purpose of this paper, we are assuming that SGD168.1mn can be freely used by HYF to fund upcoming obligations, though in practice this number could have dwindled since 31 March 2018.

(ii) Concession agreements: We use the sum of financial receivables and intangible assets arising from service concession agreements as a proxy of future value from HYF's existing operations and maintenance contracts. We assume HFY can sell these assets before the agreements get terminated (ie: our starting assumption (b) must hold). As at 31 March 2018, this was SGD1.2bn (excluding the value which is contained within asset held for sale). A bulk of these existing contracts is for water-related projects and we see a fair-to-good recovery prospect.

(iii) Other assets: HYF's main associates and joint ventures include Tus Water (25%-stake in a portfolio of China-based water assets), 47%-in Magtaa and 30%-stake in SingSpring. Other assets include trade receivables, amounts due from customers on contracts, inventories and property, plant and equipment. Collectively, these assets amount to SGD679.2mn. These assets are likely to fetch a fair-to-good recovery level.

(iv) Net asset held for sale: As at end-2017, the net assets held for sale (assets held for sale minus liabilities held for sale) was SGD907.5mn. This is attributable to Tuaspring as Tianjin Dagang is no longer accounted for as "held for sale". While Tuaspring is an IWPP, we see the water portion as valuable and the asset should be attractive to a number of buyers. However, it is not clear if the concession agreement legally allows for a partial sale (eg: carving out a sale of the water portion) or a partial sale is operationally doable. Nonetheless, it can be reasonably assumed that even if a potential buyer is not allowed to separate out the two portions, potential buyers can adjust their offer price to reflect the economic reality. With this in mind, we focus on the cost of building Tuaspring's desalination plant to form a view on a minimum offer price. This assumes that a potential buyer is willing to pay higher than net present value. At today's electricity prices, we note there is a good likelihood that net present value of the cashflows is lower than book given that the power sector is loss-making, as reported by the Business Times on 9 April 2018. Total cost of SingSpring (completed in 2005) was SGD200mn and noting that non-land capex cost for desalination plants have fallen over time, we peg the cost of building the Tuaspring desalination plant at SGD400mn – SGD450mn (Tuaspring's capacity is 2.3x bigger). This is unlikely sufficient to get the company to the negotiation table, given that the company intends to sell the asset at higher valuations. Simplistically, we adjust this upwards by 30% to reflect typical control premiums in Singapore and reach SGD520mn – SGD585mn. We note this is still below the asset book value of Tuaspring. From a financial investor's perspective, we do not think a buyer would be willing to pay full book value on the asset (especially if a deal is to be done as soon as possible). As such, erring on the side of conservatism, we have used a lower number. Admittedly though, an upside scenario for Tuaspring is not out of the question, if a strategic investor can be found and the strategic rationale for the acquisition supersedes financial considerations.

C) Further commentaries:

- **Concession providers likely to need reassurance over HFY's financial standing:** As HFY's concession agreements are non-public, we cannot ascertain if the act of seeking court protection is sufficient grounds for customers (ie: the concession awarding party) to seek a termination of its concession agreements. Based on the team's past experience, a liquidation would typically be sufficient cause for termination in infrastructure concessions. We assume that HFY would have sought legal advice on this matter before proceeding with the court application. As a consequence of the court filling, in our view, it is possible that concession providers will need reassurance over HFY's financial standing. Concession agreements typically contain representations and warranties of concessionaire's financial capacity to perform its obligations. In our view, it is possible that HFY would need to prove they are able to continue to do so (eg: by providing higher bank guarantees (and/or performance bonds).

- **Project finance lenders likely to be paid first:** Typical of project financed-plants, monies received from a sale would likely need to go towards paying these lenders first before remaining cash (if any) can be channeled to the holding company. As at 31 March 2018, liabilities at Tuaspring was SGD567.5mn. HYF's SGD bonds, perpetuals and CPS are issued at holding company level. In our view, Tuaspring is the single most important asset that would affect recovery values on the CPS and perpetuals, though unfortunately remains the hardest to assign a valuation with much certainty.

Figure 1: Preliminary recovery value

Assets	SGD mn
Cash	168
Service concessions	1,190
Associates and JVs	189
Trade and other receivables	258
Others	101
Property plant and equipment	136
Asset held for sale (Tuaspring), adjusted downwards	553
Total	**2,594**
Creditors and liabilities to be repaid	
HYFSP '18s bonds due Sept 2018	(100)
Secured debt - short term	(11)
Unsecured debt (excluding the bonds in Sept 2018) - short term	(250)
Liabilities held for sale (Tuaspring)	(567)
Secured debt - long term	(481)
Unsecured debt - long term	(693)
Trade and other payables	(498)
Total	**2,601**

Other short term obligation (capital commitments, cash interest and CPS dividend paid in April 2018)	(184)
Remaining assets/ (shortfall)	(191)

Note: Tabulated from HYF's unaudited financial statement for 1Q2018 and including OCBC Credit Research estimates

- **Large short term debt obligations:** As at 31 March 2018, HYF faces SGD361.6mn in short term debt due against SGD168.1mn in unencumbered cash. This includes SGD100.0mn in bonds due in September 2018 (the HYFSP 4.25% '18s) while the remaining SGD261.6mn relate to bank loans (mostly unsecured). In addition to these two items, HYF faces a few upcoming obligations that are collectively material to the company. While we have not added overhead and other day-to-day expenses into the list, staff costs alone amounted to SGD26.1mn in 1Q2018 and these would also need to be paid to keep the businesses functioning. As the company has no ability to pay down its short term debt in full, in our view, a proposed debt restructuring is inevitable if bank lenders are not willing to rollover.

Figure 2: Estimated upcoming obligations

Obligations	Contractually obligated / committed	Amount, SGDmn
Unsecured SGD bond – HYFSP 4.25% '18 (due in Sept 2018)	Yes	100.0
Short term bank loans (mostly unsecured)	Yes	261.6
Assumed cash interest p.a	Yes	102.5
Capital commitments (mainly for TuasOne waste-to-energy plant)	Yes	69.7
CPS dividend announced paid in April 2018	Yes	12.0
Perpetual distribution in May 2018	No	15.0
CPS dividends in Oct 2018	No	16.0
Perpetual distribution Nov 2018	No	15.0
Total		**591.8**

Source: Estimates per publicly available information and annual report

- **Matter of time before a consent solicitation exercise needed to waive interest coverage covenant:** Even without HYF entering into a court process for restructuring, we think HYF would have eventually breached a bond covenant relating to interest coverage. HYF needs to keep Consolidated Unencumbered Cash plus EBITDA over interest expense at least at 3.0x at all times. Should the company use its cash balance to pay down the HYFSP 4.25% '18s, at the very least, HYF would have needed to carry out a consent solicitation exercise to waive this covenant.

Analyst Declaration
The analyst(s) who wrote this report and/or her or his respective connected persons did not hold securities in the above-mentioned issuer or company as at the time of the publication of this report.

Disclaimer for research report
This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "**Relevant Materials**") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "**Relevant Entity**") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID**") and the EU's Markets in Financial Instruments Regulation (600/2014) ("**MiFIR**") (together referred to as "**MiFID II**"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.:193200032W