

**HYFLUX LIMITED**

Company Registration No.: 200002722Z
(Incorporated in the Republic of Singapore)

HYFLUX WATER TRUST

(a business trust constituted on 16 November 2007
(registration number: 2007007) under the laws of the
Republic of Singapore)

JOINT ANNOUNCEMENT**HYFLUX OFFERS PORTFOLIO OF PROJECTS AT 180 MILLION SINGAPORE
DOLLARS TO HYFLUX WATER TRUST UNDER DEED OF RIGHT OF FIRST
OFFER AND RIGHT OF FIRST REFUSAL**

Hyflux Limited (“Hyflux”) and Hyflux Water Trust Management Pte Ltd (acting as Trustee-Manager of Hyflux Water Trust) (“Trustee-Manager”), (collectively “the Companies”) are pleased to make this joint announcement.

As provided for under the Hyflux Water Trust (“HWT”) Prospectus dated 23 November 2007, Hyflux has granted the Trustee-Manager certain rights of first offer, rights of first refusal and rights to match in respect of water-related infrastructure assets (“Qualifying Projects”) pursuant to the Deed of Right of First Offer and Right of First Refusal dated 23 November 2007 (“ROFOAR Deed”). The Companies are delighted to confirm that Hyflux has, in accordance with the terms and conditions of the ROFOAR Deed, offered a portfolio of Qualifying Projects in the People’s Republic of China to the Trustee-Manager for acquisition. The portfolio of Qualifying Projects comprises:-

1. One Wastewater Treatment Plant with a design capacity of 10,000m³/day, situated in Huishan District Wuxi City, Jiangsu Province;
2. Two Water Treatment Plants with a combined design capacity of 60,000m³/day, situated in Xuecheng District, Shandong Province;
3. One Water Treatment Plant with a design capacity of 40,000m³/day, situated in Gong Changling District, Liaoyang City, Liaoning Province;
4. One Wastewater Treatment Plant with a design capacity of 30,000m³/day, situated in Minguang City, Anhui Province;
5. One Wastewater Treatment Plant with a design capacity of 30,000m³/day and two Water Treatment Plants with a combined design capacity of 100,000m³/day, all situated in Guanyun County, Lianyungang City, Jiangsu Province; and
6. One Wastewater Treatment Plant with a design capacity of 20,000m³/day, situated in Rudong County, Yangkou City, Jiangsu Province.

The abovementioned Qualifying Projects have a combined design capacity of 290,000m³/day and an approximate value of SGD180 million. At the time of the Initial Public Offering (“IPO”), HWT acquired assets with a combined design capacity of 445,000m³/day.

The Trustee-Manager will consider acquiring projects which meet its investment criteria, namely the projects are accretive to HWT and can provide long-term, regular and predictable cashflows. The Trustee-Manager also expects to acquire projects which have commenced commercial operations at the time of acquisition. The acquisitions may therefore be executed in tranches.

The Trustee-Manager will conduct due diligence on the Qualifying Projects shortly, and HWT unitholders' approval will be sought for the acquisition of the projects. Similarly, Hyflux will seek shareholders approval to the divestment in due course.

CEO of the Trustee-Manager, Mr Saud Siddique, commented: "HWT's right to acquire, under the ROFOAR Deed, water assets which have been developed or acquired and refurbished by Hyflux, enables HWT to strategically grow the size of HWT's portfolio. The ROFOAR pipeline has increased by 45% from an initial capacity of 760,000m³/day at time of the IPO. We are delighted that Hyflux has now made available to HWT the first tranche of water assets under the ROFOAR pipeline."

HWT currently has no gearing, and the Trustee-Manager proposes to fund any acquisition primarily through debt.

Commenting on the development, Hyflux Group CEO and President, Ms Olivia Lum said: "The completion of the sale and purchase of the Qualifying Projects will be further evidence of Hyflux stated strategy of monetizing suitable water assets and redeploying its capital and at the same time, preserve and enhance the long-term cash generating capability of HWT's portfolio of assets."

The Companies will make further announcements when appropriate in the future.

BY ORDER OF THE BOARD

HYFLUX LIMITED
Sam Ong, Deputy CEO, CFO

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HYFLUX WATER TRUST
MANAGEMENT PTE LTD
(Company Registration Number: 20071796D)
As Trustee-Manager of Hyflux Water Trust

Grace Goh Bee Kheng, Joscelyn Tan
Company Secretaries

J. P. Morgan (S.E.A.) Limited was the Sole Global Coordinator, Financial Adviser, Bookrunner and Issue Manager, and together with DBS Bank Ltd and UBS AG, acting through its business group, UBS Investment Bank, were the Joint Lead Managers and Joint Underwriters for the Initial Public Offering of units in Hyflux Water Trust.

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