



HYFLUX LIMITED

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

NOTICE OF ARBITRATION

The Board of Directors of Hyflux Ltd (the "Company") announces that it has just been served an Arbitration Notice (the "Notice") by the China International Economic and Trade Arbitration Commission. The Notice relates to an arbitration ("Arbitration") commenced by 宁夏昊凯生物科技有限公司 (the "Claimant") for certain non-water industrial project works carried out by Hyflux NewSpring Construction Engineering (Shanghai) Co., Ltd, Hydrochem Engineering (Shanghai) Co., Ltd and Hydrochem (S) Pte Ltd ("Hyflux Subsidiaries") for the Claimant. The Company has provided a corporate guarantee for such works done by the Hyflux Subsidiaries.

The Company's wholly owned subsidiary Hyflux Advanced Technology Ltd ("HAT") is a 25% shareholder of the Claimant. The other shareholders are 宁夏电力开发投资有限责任公司 (65%) and 宁夏英力特化工股份有限公司 (10%) (collectively, "PRC Parties"). The Arbitration was commenced by the PRC Parties on behalf of the Claimant. In this regard, HAT reserves its rights to sue the PRC Parties for breach of the Joint Venture Contract and the Articles of Association of the Claimant with regards to the commencement of the Arbitration.

The total amount claimed by the Claimant is up to RMB 436 million. The Company and the Hyflux Subsidiaries believe that the allegations made by the Claimant are without merit. The Company and the Hyflux Subsidiaries will oppose all claims vigorously and intends to file substantive counterclaims against the Claimant and/or the PRC Parties.

BY ORDER OF THE BOARD

CHO WEE PENG
GROUP CFO

SUBMITTED TO SGX-ST ON 28 FEBRUARY 2012