

**HYFLUX LTD**  
**(Company Registration No. 200002722Z)**  
**(Incorporated in the Republic of Singapore with limited liability)**

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hyflux Ltd ("the Company") will be held at 202 Kallang Bahru, Hyflux Building, Singapore 339339 on 27 April 2007 at 2.00 p.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company and the Group for the year ended 31 December 2006 together with the Auditors' Report thereon.

**(Resolution 1)**
2. To declare a first and final dividend of 1.35 Singapore cents per ordinary share (tax exempt) for the year ended 31 December 2006 (*previous year: 0.35 cents per ordinary share net of income tax 20% and a one tier tax exempt of 1 cent per ordinary share*).

**(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

Mr Teo Kiang Kok	(Retiring under Article 89)	<b>(Resolution 3)</b>
Mr Christopher Murugasu	(Retiring under Article 89)	<b>(Resolution 4)</b>

[See Explanatory Note (i)]

*To record the retirement of Mr Gopinath Rajnish, a Director retiring under Article 88 of the Company's Articles of Association, who has decided not to seek re-election.*
4. To approve the payment of Directors' fees of S\$305,166 for the year ended 31 December 2006 (*previous year: S\$437,100*).

**(Resolution 5)**
5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.

**(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new shares arising from the exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
- (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

**(Resolution 7)**

**8. Authority to issue shares under the Hyflux Employees’ Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to offer and grant options under the Hyflux Employees’ Share Option Scheme (“the Scheme”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall,

unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

**(Resolution 8)**

By Order of the Board

Goh Bee Kheng  
Yang Ai Chian  
Company Secretaries  
Submitted on 7 April 2007, to the SGX-ST

**Explanatory Notes:**

- (i) Mr Teo Kiang Kok, will upon re-election as a Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committee and is considered as non-executive and non-independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Christopher Murugasu, will upon re-election as a Director of the Company, remain as the Chairman of the Risk Management Committee and a member of the Remuneration Committee and is considered as non-executive and non-independent.

- (ii) The Ordinary Resolution 7, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

**Notes:**

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 202 Kallang Bahru, Hyflux Building, Singapore 339339 not less than 48 hours before the time appointed for holding the Meeting.