

CLSA Capital Partners' Clean Resources Asia Growth Fund invests in Aqualyng Holdings

Singapore, (Tuesday) 08 June 2010 - CLSA Capital Partners ('CLSACP') is pleased to announce a US\$8 million investment by Clean Resources Asia Growth Fund L.P. ('CRA Growth Fund') for a minority stake into Aqualyng Holding AS ('Aqualyng'), one of the leading global providers of desalination solutions. The investment by the CRA Growth Fund closed on 14 May 2010 and was part of a US\$24 million capital raise. CLSA Capital Partners will have board representation at Aqualyng and its Chinese subsidiary company, Aqualyng China.

Aqualyng, with its patented technology, the Recuperator™, provides energy efficient desalination solutions based on reversed osmosis technology. Headquartered in Norway, the Aqualyng group has designed, built, installed and operated desalination plants in the Canary Islands, Morocco, Egypt, Taiwan, Oman and Saudi Arabia.

Aqualyng has recently directed its resources to Asia and is currently building one of the largest desalination plants in China. With a long term commitment to Asia, Aqualyng has sold 50% of its China subsidiary, Aqualyng China, to state-owned Beijing Enterprises Water Group ('BEWG'). Both companies, through Aqualyng China, will exclusively develop desalination facilities throughout China. They are currently developing the 50,000m³/day sea water desalination plant at the Caofeidian Industrial Zone outside of Beijing in partnership with the Tangshan Caofeidian Infrastructure Construction and Investment Co. Ltd ('IIC'). The project, which is expected to expand to over 300,000m³/day over the next five years, will serve the rapidly growing power generation plants and industrial customers in a number of industrial zones around Beijing.

Managing Director at CLSACP Peter Kennedy said that water is a key focus area in the clean technology space given the acute issues we are seeing in Asia, coupled with very few quality, pure-play opportunities available in the sector.

"Energy intensity is a critical issue surrounding desalination technology. Aqualyng's Recuperator™ technology is an industry leader in energy recovery and helps reduce life cycle costs and improves the economics of reverse osmosis desalination. Our

investment provides the capital for the company to continue its aggressive expansion with additional projects and technology development,” Kennedy said.

Managing Director at CRA Management Andrew Pidden added: “With its rapid urbanisation and accelerating manufacturing industry driving the water demand, China is expected to build the world’s largest desalination capacity over the next decade. As water tariffs are increasing, desalination quickly becomes an economical and in some cases, the only sustainable water source.”

Peter Kennedy added that he believes Aqualyng’s strong management team and track record in the sector, industry leading energy efficiency technology as well as its recent strategic partnerships, will allow the company to continue expanding successfully throughout Asia.

Aqualyng Chairman Bernt Osthus stated: “We have been working with CLSA Capital Partners on this investment exclusively for quite some time. They are truly a great partner to have on board because of their team’s expertise in the clean technology space as well as their intimate knowledge of Asia. We very much look forward to continue collaborating with them to further grow our Asian business.”

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About Aqualyng

Aqualyng is a leading provider of desalination solutions based on reversed osmosis technology. The company has, since inception, designed, built, installed and operated desalination plants in the Canary Islands, Morocco, Egypt, Taiwan, Oman and Saudi Arabia. Aqualyng recently honed its focus on China with the sale of a 50% stake in its Chinese subsidiary to state-owned Beijing Enterprises Water Group (‘BEWG’). BEWG is majority owned by Beijing Enterprises Holdings, the commercial vehicle of the Municipal Government of Beijing with significant interests in gas supply, toll roads, waste water treatment, brewing and technology. BEWG is one of the most innovative and aggressive water solutions providers in China and now treats nearly 5 million m³ of water per day

About CLSA Capital Partners

CLSA Capital Partners is the alternative asset management arm of CLSA Asia-Pacific Markets, Asia’s leading independent brokerage and investment group, and a member of Credit Agricole, one of the world’s top financial institutions.

Through the CLSA network, research and investment banking teams, CLSA Capital Partners has unique access to the region’s corporate decision makers, solid knowledge into their companies, and strategic insight into current and future Asian investment trends.

CLSA Capital Partners has in excess of US\$2.7 billion under management across ten funds and offers a diversified and increasing range of investment vehicles. It provides funding for profitable, pan-Asian businesses and targets growth companies, property, transport, buyout financing, mid-market buyouts and clean tech opportunities in the following areas:

- **Aria Investment** provides growth and expansion capital to well-established companies.
- **Fudo Capital** focuses on value-added opportunities in real estate investments.
- **CLSA Sunrise Capital** focuses on mid-market buyouts and growth capital in Japan.
- **Clean Resources Capital** invests in rapidly growing clean tech industries, focusing on all forms of cleaner energy, environmental technology, water and waste management. Long-short and long only products are offered.
- **MezzAsia Capital** provides structured lending solutions to mid-cap growth companies and private equity-led transactions.
- **Pacific Transportation** focuses on exploiting long-term transport trends¹

CLSA Capital Partners is a diverse team of industry professionals with expertise in private equity, banking and finance, law and accountancy and industry specialisations. The highly experienced team, with long established roots in the region, has helped many Asian companies realise their growth potential.

For more information on Capital Partners or the specific funds please visit www.clsacapital.com

¹Pacific Transportation is not an affiliate company of the CLSA Group.

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