

**HYFLUX LTD**Company Registration No. 200002722Z

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**JOINT VENTURE WITH TAO COMMODITY TRADER, INC. TO INVEST US\$12 MILLION TO BUILD REGIONAL USED-OIL RECYCLING PLANT IN CALACA, BATANGAS IN THE PHILIPPINES**

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Hyflux Ltd ("Hyflux") is pleased to announce that its wholly owned subsidiary, Eflux Singapore Pte Ltd ("EFLUX") has signed a Joint Venture Agreement with Tao Commodity Trader, Inc. ("TCTI"), a subsidiary of Tao Corporation to invest approximately US\$12 million to build a state of the art used oil recycling plant near Calaca, Batangas in the Philippines ("Plant") which will engage in the collection, treatment and recovery of used oil into high grade base oil for sale in the Philippines and other export markets ("Business").

EFLUX and TCTI will form a joint venture company to be known as Eflux Tao Philippines Inc. ("JV Corporation") with EFLUX holding 70% shareholding and TCTI holding 30% of the JV Corporation.

Further, EFLUX and TCTI will form a special purpose joint venture corporation for the purpose of investing in a property ("Land SPC ") on which the Plant will be constructed to carry on the Business, with EFLUX holding 40% in the Land SPC and TCTI holding 60% in the Land SPC.

Consistent with Hyflux's strategy in the used-oil recycling arena, Hyflux will be the technology provider in terms of the sale and installation of its Hyflux Advanced Membrane System ("HAMS") to the JV Corporation. In addition, Hyflux's subsidiary will be the project manager responsible for the supervision of the design, engineering and construction of the Plant. Once the Plant commences commercial operation, Hyflux' subsidiary will also be responsible for the maintenance of the Plant.

The joint venture draws upon the synergies of the parties, namely TCTI's network as one of the largest commercial/industrial/marine distributors of fuels in the Philippines and Hyflux's proven membrane technology.

Located in Calaca, Batangas, the Plant will have the capacity to process and recycle up to 12,000 tonnes of feed used oil per year using the HAMS when it is completed.

"We are pleased to sign off yet another deal on oil-recycling shortly after our announcement on our Vietnam joint venture last week. This is our seventh used-oil joint venture, this time in the Philippines, a new footprint for Hyflux. It reflects Hyflux's continued efforts in penetrating the used-oil recycling business," said Group CEO & President, Olivia Lum.

The formation of the JV Corporation and Land SPC is subject, amongst others, to the approvals of relevant Philippines governmental and regulatory authorities.

The above transaction is not expected to have a material financial impact on the Hyflux group for the current financial year.

By Order of the Board

Yang Ai Chian  
Company Secretary

Submitted on 22 October 2007 to SGX-ST

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**About Hyflux Ltd**

Hyflux is one of Asia's leading environmental companies, with operations and projects in Singapore & Southeast Asia, China, the Middle East & North Africa and India.

Specialising in membrane technologies, Hyflux is today an integrated solutions provider offering services that include process design and optimisation, pilot testing, fabrication and installation, and engineering, procurement and construction. It is also engaged in the commissioning, operation and maintenance of a wide range of liquid treatment systems on a turnkey, Design-Build-Own-Operate-Transfer (DBOOT) or Design-Build-Own-Operate (DBOO) arrangement.

Hyflux currently focuses on four core businesses namely water, industrial manufacturing processes, specialty materials and energy (oil recycling). It is in the process of building and/or developing six regional used-oil centres in Singapore, Vietnam, China, India, and Saudi Arabia.

In 2006, Hyflux was awarded Water Corporation of the Year by the UK's Global Water Intelligence at the Global Water Awards. It also made it to Forbes Asia's Best Under a Billion List 2006.

**About TAO Commodity Trader, Inc.**

TAO Commodity Trader was established in 1995 as a purely molasses trading business. The company is the biggest molasses trading operation in the Philippines with an annual turnover of PHP 1.2 Billion (US\$24M) in 2007. In year 2000, TAO diversified into the alcohol distillery business as the manufacturer of food grade alcohol (8 million litres annual production capacity); and the producer of liquid carbon dioxide (LCO<sub>2</sub>) for the local industrial market. Annual turnover in 2007 was PHP 130 Million (US\$ 2.6). In the following year, TAO ventured into Fuel and Lubricants trading and is now the largest Commercial and Marine distributor of Pilipinas Shell with an annual turnover of PHP 1 Billion Pesos (US\$20M) in 2007

In its commitment and efforts against global warming, TAO is focused in exploring and developing business that promotes green/clean technology.

**About TAO Corporation**

TAO Corporation is the holding company of the TAO Community of Companies and is focused on supply chain services throughout the Philippine archipelago. Its main businesses are commodity trading, consumer brands distribution, and healthcare. TAO Community of Companies achieved a combined annual turnover of PHP 15 Billion Pesos (US\$300 million) in 2006.