

HYFLUX LTD

Company Registration No: 200002722Z

HYFLUX'S COLLABORATION WITH BP AND DICP ON DEVELOPMENT AND COMMERCIALISATION OF ZEOLITE DEWATERING MEMBRANES IN BIOFUELS APPLICATION

Hyflux Ltd ("Hyflux") is pleased to announce its collaboration with BP International Ltd ("BP") and the Dalian Institute of Chemical Physics ("DICP") to jointly develop and commercialise the use of zeolite dewatering membranes in the production of biofuels.

The scope of the collaboration covers the fermentation and synthetic alcohol dehydration of ethanol and propanol, and mixtures of alcohols and diols, specifically monoethylene glycol.

The first project of the three-party collaboration involves the dewatering of bio-ethanol using zeolite membranes. Bio-ethanol is produced by fermentation of sugars derived from starchy plants (corn, potatoes), sugar-rich plants (beets, sugar cane) or ligneous or cellulosic plants (wood, straw).

Dewatering of alcohol is typically an energy intensive and costly process. Zeolite membrane technology has been proven to be especially cost-effective in the dewatering process and offers very significant energy savings when compared with conventional processes.

By increasing the efficiency of the dewatering step, zeolite membranes have the potential to significantly reduce the energy costs of production of biofuels.

Hyflux believes that this is a significant milestone for the Hyflux Group to enter into the field of clean energy. "Following the successful commercialization of our used oil recycling business last year, this new development represents yet another potential business in the energy sector for Hyflux. This exploration into bio-ethanol processing dovetails with Hyflux's corporate philosophies of being eco-friendly and seeks to bring about commercialisation of a new membrane application." said Hyflux Group CEO & President, Olivia Lum.

"We are also pleased to be a key partner in this project as this three-party collaboration draws on the synergies of DICP, who possesses strong technical knowledge in zeolite membrane technology; BP, one of the world's largest energy companies and a leader in the area of low carbon fuels; and Hyflux, whose key strength is in commercialisation of novel technologies", she said.

Looking ahead, Hyflux is very optimistic about the potential spin-offs of the widespread applications of zeolite technology.

"Zeolite membranes can also be effectively used in the dehydration of solvents and recovery of used solvents. This will be a significant contribution to Hyflux's area of expertise in the pharmaceutical, food and beverage, chemical and electronic sectors. Hyflux will build on this successful collaboration to expand our market reach in the industrial sector, "Ms Lum concluded.

The investment under the current stage of collaboration is not expected to have any material impact to the earnings of Hyflux for the financial year ending 31 December 2007.

By Order of the Board

Yang Ai Chian
Company Secretary

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About BP

With operations across 100 countries, BP is one of the world's largest energy companies, providing its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items. BP also has a growing presence in gas and power, solar power generation and wind power.

BP has extensive experience and investments in biofuel research and development in Europe, India, Australia, China and the USA, and was a pioneer in the area of zeolite membrane technology. In China, BP and DICP have been working together to research new clean energy technologies. BP also spearheaded the "Clean Energy: Facing the Future" programme in 2001 with the Chinese Academy of Sciences and Tsinghua University.

About DICP

Founded in 1949, DICP is a multidisciplinary institute engaging in both fundamental and applied researches of chemistry and chemical engineering.

DICP has over 15 years of experience in zeolite membranes research. With strong abilities for technological development, DICP has conducted researches in many fields, including catalytic chemistry, engineering chemistry, organic synthetic chemistry, chemical lasers and molecular reaction dynamics, as well as in modern analytical chemistry, especially in chromatography.

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 or Design-Build-Own-Operate (DBOO) arrangement. Hyflux currently focuses on four core businesses namely water, industrial manufacturing processes, energy and specialty materials.

In 2006, Hyflux was awarded Water Company of the Year by the UK's Global Water Intelligence at the Global Water Awards. It was one of Forbes Asia's Best Under a Billion companies in 2006.