



**HYFLUX LIMITED**

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

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**EXECUTION OF KEY AGREEMENTS FOR WORLD’S LARGEST REVERSE OSMOSIS  
DESALINATION PLANT OF 500,000M<sup>3</sup>/DAY IN MAGTAA, ORAN, WESTERN ALGERIA  
 (“PROJECT”)**

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Further to Hyflux Limited’s (“**Hyflux**”) announcement on 22 April 2008 pertaining to its wholly owned subsidiary, MenaSpring Utility (S) Pte Ltd (“**MenaSpring**”) receiving the letter of award from the Algerian government to complete the Project; Hyflux is pleased to make this further announcement pertaining to the Project.

The Project has achieved a significant milestone upon the execution of the following Project agreements by Tahlyat Myah Magtaa SpA (“**Project Company**”):

1. Water Sale & Purchase Agreement amongst the Project Company, MenaSpring, the offtakers, Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (“**Sonatrach**”) and L’Algerienne Des Eaux (“**ADE**”);
2. Engineering Procurement and Construction (“**EPC**”) Contracts between the Project Company and Hyflux’s wholly owned subsidiary, Hyflux Engineering Algeria EURL. The value of the EPC Contracts is USD 443 million. The heart of the Project, namely the filtration process, will utilise Hyflux’s award-winning proprietary Kristal ultrafiltration membranes, making it the world’s single largest ultrafiltration plant, and
3. Operations and Maintenance (“**O&M**”) Agreement between the Project Company and Hyflux’s wholly owned subsidiary, Hyflux Operation & Maintenance Algérie. The term of the O&M Agreement is for 25 years with provisions for the O&M operator to apply for adjustment of the O&M fees in accordance with the terms of the O&M Agreement.

Upon signing of the above key Project agreements, the Project Company will undertake the next phase, including the completion of signing of the financing agreements and achieving financial close for the Project.

The Project is not expected to have a material impact on the Group’s financials for the current financial year.

**BY ORDER OF THE BOARD  
HYFLUX LIMITED**

**Sam Ong  
Deputy CEO, CFO**

**SUBMITTED ON 9 JULY 2008 TO SGX-ST**

### **Project Company: Tahlyat Myah Magtaa SpA**

The Project Company is a joint stock company incorporated in Algeria. MenaSpring Utility (S) Pte Limited (a wholly owned subsidiary of Hyflux) holds 51% shares in the Project Company while Algeria Energy Company (“AEC”) holds the balance of the 49% interest.

### **ADE**

ADE is the state-owned national public water entity of Algeria. ADE’s responsibilities include the provision and distribution of water and the renewal and development of the necessary infrastructure in Algeria.

### **Sonatrach**

Sonatrach, founded in 1963, is the national oil company of Algeria. It is responsible for the management of the country's oil industry, which encompasses the organisation of exploration, production, transport, refining, processing, marketing and distribution of oil, gas and related products. Sonatrach SPA also plays an important role in the chemicals industry of Algeria, owning fertiliser plants and petrochemical facilities.

### **AEC**

AEC is 50% owned by Sonatrach. AEC is responsible for the development of electricity and gas related industries in Algeria. Its activities include the acquisition, management of and investments in Algerian and overseas companies in the fields of electricity production, transportation and distribution of energy (electricity and gas).