

HYFLUX LTD

Company Registration No: 200002722Z

AWARD OF TENDER FOR WORLD LARGEST REVERSE OSMOSIS DESALINATION PLANT IN MAGTAA, ORAN, WESTERN ALGERIA

Hyflux Ltd ("**Company**") is pleased to announce that MenaSpring Utility (S) Pte Ltd ("**MenaSpring**"), a wholly owned subsidiary of the Company received the letter of award from Algeria Energy Company ("**AEC**"), the government company handling power and water privatisation exercise in Algeria, to build a seawater desalination plant with designed capacity of 500,000 m³/day in Magtaa, Oran region, Western Algeria on a design-own-operate and transfer basis.

The Scale of the Project and Project Financing

The Project is the world's largest desalination plant using ultra filtration and reverse osmosis membrane technology. The plant is also the single largest pretreatment plant applying the Company's award winning Kristal membrane.

The total project costs are estimated to be USD 468 million (approximately S\$ 632 million), of which 70% will be financed through non-recourse project financing with local Algerian banks prearranged by AEC.

The Off takers

ADE, the national water company of Algeria and Sonatrach SpA, the national oil company of Algeria are the off takers of the 500,000 m³/day desalinated water from the project company, on a take-or-pay basis for the duration of the 25 years concession period.

The Project Company

The joint venture company to be incorporated for the purpose of the Project will be owned 51% by MenaSpring (or its nominee) and 49% by AEC.

Engineering, Procurement and Construction ("EPC")

The EPC works, estimated at USD 441 million (approximately S\$595 million) will be undertaken by a wholly owned subsidiary of the Company. The estimated completion date for the Project is about 2.5 years from financial close, expected to be at the end of 2008.

Operations and Maintenance (“O&M”)

The O&M services for the Project will be undertaken by a wholly owned subsidiary of the Company. The O&M fees will contribute towards the long term recurring income of the Company.

Commenting on the Project, Group CEO and President, Ms Olivia Lum said: “We are proud to be the successful bidder for this prestigious project, prevailing over intense competition from other reputable international contenders. This is the largest desalination project in the world as well as the largest undertaken by the Company to date. This is the second triumph scored by the Company in Algeria, the first project being announced less than 18 months ago. We are also immensely proud to be partners with AEC. This win has further strengthened the Company’s position as the leader in seawater desalination.”

Subject to achieving financial close, 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

Sam Ong
Deputy CEO, CFO

Submitted to SGX-ST on 22 April 2008

About ADE

L’Algerienne Des Eaux (“ADE”) is the state-owned national water company of Algeria, and its responsibilities include the provision and distribution of water in Algeria.

About Sonatrach SPA

Sonatrach SPA, 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.