

HYFLUX LTD

Company Registration No. 200002722Z

HYFLUX COMPLETES LOAN AGREEMENT WITH IFC AND SECURES ANOTHER US\$25 MILLION FACILITY

Following our announcement on 30 March 2006, Hyflux Ltd (“the Company”) is pleased to announce that Sinospring (“Sinospring”), its 50%-owned company has executed the Subscription Agreement and Shareholders Agreement with International Finance Corporation, the commercial lending arm of the World Bank (“IFC”).

Under the Subscription Agreement, IFC shall, subject to terms and conditions contained therein, subscribe for preferred shares in Sinospring for an aggregate purchase price of up to US\$20 million, convertible into common shares.

At the same time, Tianjin Dagang Newspring Co., Ltd (“Dagang”), the wholly owned subsidiary of Sinospring has also executed a Loan Agreement with IFC. The Loan Agreement of US\$25 million will be disbursed towards Dagang’s 100,000m³/day seawater desalination plant in Dagang, Tianjin province.

Commenting on the closure of documentation, Ms Olivia Lum, Group CEO and President, said, “The Company is pleased to have sealed the partnership with IFC. This financing arrangement brings to fruition the Company’s strategy of financing and development of our China projects through Sinospring.”

The disbursement of the facilities will be subject to fulfilment of conditions precedents as contained in the respective agreements.

About SinoSpring Utility Ltd

SinoSpring Utility Ltd was set up to develop and own BOT/BOO (Build-Own-Transfer or Build-Own-Operate) projects in the treatment of water, seawater and wastewater in China. Its current shareholders are RB (Labuan) Ltd (50%) and Hyflux Ltd(50%). SinoSpring through its subsidiaries is currently executing eight water projects in China.

About Hyflux Ltd

Established in 1989, Hyflux has rapidly grown to become one of Asia’s leading water and fluid management companies, with a thriving presence in Singapore, China and the Middle East.

Specialising in membrane technologies, Hyflux is today an integrated solutions provider offering process design, pilot testing, fabrication and installation, 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) arrangements.

In 2006, Hyflux was accorded Water Company of the Year award by the UK's Global Water Intelligence at the Global Water Award and made it to Forbes Asia's "Best Under a Billion" list in 2005

By Order of the Board

Grace Goh Bee Kheng
Company Secretary

Submitted by Grace Goh Bee Kheng, Company Secretary on 17 June 2006 to the SGX-ST