



NEWS RELEASE

HYFLUX POSTS FY2007 NET EARNINGS OF S\$32.9 MILLION ON REVENUE OF S\$192.8 MILLION

Key Highlights:

- **Profit After Tax and Minority Interest (PATMI) is 113% higher at S\$32.9 million**
- **Earnings per share is 111% higher at 6.32 cents**
- **Proposed dividend is 40% higher at 1.89 cents**
- **Order book is 98% higher at S\$863 million**
- **Successful IPO of Hyflux Water Trust, Asia's first pure-play global water trust**
- **Successful joint venture for the largest plant for Hyflux to date in Algeria**

"The fundamentals of environmental and water industries are excellent. The Group is expected to benefit from these industry fundamentals as countries are increasingly seeking innovative solutions to address environmental and water issues.

2007 was an exciting year for Hyflux as we laid the essential building blocks in human capital, technology platforms and effective capital structures to manage higher growth in the future.

Our municipal sales increased by 96% to S\$89.0 million in FY2007 compared to S\$45.3 million in FY2006. We also registered steady growth in the Industrial sector with revenue of S\$102.3 million in FY2007 compared to S\$90.1m in FY2006. China continues to be the key growth driver, contributing 81% of the total revenue.

We also made significant progress in the MENA region with our largest desalination plant in Algeria achieving a financial close in January 2008.

We are happy to propose a 40% increase in the dividends in FY2007 as compared to previous year.

Our order book has doubled to S\$863 million as at December 2007. The Group has long-term operation and maintenance contracts that generate recurring income for the Group for the next 25 to 30 years," said Ms Olivia Lum, Hyflux's Group CEO and President.

Singapore, 27 February 2008 – Main Board-listed Hyflux Ltd ("Hyflux" or "The Group"), a leading regional player in the integrated environmental solutions specialising in membrane technologies, today reported net earnings of S\$32.9 million on revenue of S\$192.8 million for the full year ended 31 December 2007 ("FY2007").

The Group's performance has been enhanced by revenue in the municipal sector – an increase by 96 percent year-on-year, largely contributed by sales in China and the Middle East and North Africa ("MENA") region. Industrial sales – driven by sales in China and MENA – rose by 14 percent year-on-year.

Financial Review

China continues to be our main growth driver, accounting for 81% of total revenue in FY2007 as compared to 74% in the previous year, with the Chinese government placing more emphasis in building water treatment plants throughout the cities. To date, Hyflux has been awarded more than 30 projects covering wastewater treatment and water recycling across China.

Revenue from MENA and other regions contributed to 12 percent of the Group's revenue, close to a two-fold increase from FY2006. We expect strong growth from this region following several water and oil recycling projects clinched in 2007. We entered into a joint venture (jointly with Malakoff Berhad) with Algerian Energy Company to design, develop, finance, construct, operate and maintain a seawater desalination plant

of 200,000 m³/day at Tlemcen, Algeria for a period of 25 years, making this the largest plant to date for Hyflux. This project achieved financial close in January 2008.

Operating expenses in FY2007 increased in line with our growth. The Group continues to invest in human capital which is necessary to support the Group's expansion plans as well as research and development activities.

The Group enjoyed a lower effective tax rate of 5% due to tax exemptions on certain income for the year and tax incentives enjoyed by certain entities of the Group.

Overall, the net impact of the above resulted in profit after tax and minority interests for the Group of S\$32.9 million for FY2007.

The Group's cash position stood at S\$121 million as at 31 December 2007.

Earnings per share increased by 111% to 6.32 cents in FY2007 from 3.00 cents in FY2006.

Recent Development

In Singapore, we have successfully launched the Hyflux Water Trust ("HWT"), Asia's first pure-play global water trust. With water stress and scarcity increasingly affecting nearly all emerging as well as developed economies in Asia, the HWT offers investors an opportunity to invest in water-related infrastructure assets in China, India, MENA and other high growth markets globally.

Prospects

The Group is optimistic about the overall macro environmental and water industry in Asia and the MENA region. We will continue to leverage on our proprietary membrane technologies and integrated environmental solutions to establish our foothold and break into new avenues of growth in these markets.

China remains a dominant market for the Group since our entry in the 1990s. Our membrane technologies, established track record, know-how and differentiated capabilities will provide us with a strong platform to continue our growth in this market.

In addition, the Group has long-term operation and maintenance contracts with our operational plants in China which will generate recurring income for the next 25 to 30 years. The Group will continue to monitor and manage its exposure to current economic uncertainty and rising costs that may have an impact on our operations.

“We will also seek out strategic partners either through collaboration or joint ventures that will complement our know-how or help penetrate our business into new markets. At present, our collaborations with BP International Ltd and the Dalian Institute of Chemical Physics to develop the use of zeolite dewatering membranes in the production of biofuels, as well as our R&D joint venture with Marmon Water LLC to develop new products to provide clean, filtered and softened water for Asian homes are making good progress,” added Ms Lum.

Order Book

As at 31 December 2007, the Group’s order book stood at S\$863 million.

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About Hyflux Ltd

Founded in 1989, Hyflux Ltd has rapidly grown to become a global environmental technological company specialising in membrane technologies, with operations in Singapore & Southeast Asia, China, the Middle East & North Africa, and India.

Listed on the Singapore Stock Exchange, Hyflux is today an integrated solutions provider offering services that include process design and optimisation, pilot testing, fabrication, and installation, engineering, procurement & construction. It is also engaged in the commissioning, operation & maintenance of a wide range of water treatment & liquid separation plants on a turnkey or Design-Build-Own-Operate (“DBOO”) arrangement.

Its four key areas of focus are:

- **Water** – Seawater desalination, raw water purification, wastewater cleaning, water recycling, seawater water reclamation and ultra pure water production for municipal and industrial clients as well as home consumer filtration and purification products
- **Industrial Manufacturing Processes** – Separation, concentration and purification for manufacturing process streams
- **Energy** - Development of membrane applications in resource recovery, waste recycling and energy reclamation such as used oil recovery and recycling.
- **Specialty Materials** – Development and commercialisation of specialty materials utilising membrane technology, such as lactic acid from natural renewable resources like corn and sugar cane.

In February 2008, Hyflux Water Trust was nominated for Water Deal for the Year by Global Water Intelligence (GWI), results will be announced on 21 April 2008 in London.

In 2007, the Group received two awards namely, Technology Innovation of the Year Award 2007, Desalination Technologies (Asia Pacific) and Technology Innovation of the Year Award 2007, Residential Water Treatment Equipment Market (Southeast Asia) from Frost and Sullivan.

In 2006, Hyflux was awarded Water Company of the Year by the UK's Global Water Intelligence at the Global Water Awards. It was also named a Forbes Asia's Best Under a Billion Company in 2006 and 2005.

For more information, please visit www.hyflux.com

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