

SPEECH BY MR LIM HNG KIANG, MINISTER FOR TRADE & INDUSTRY, AT THE 20TH ANNIVERSARY CELEBRATIONS OF HYFLUX LTD, 19 NOVEMBER 2009, 7.00 PM, AT SUNTEC BALLROOM, LEVEL TWO, SUNTEC SINGAPORE EXHIBITION AND CONVENTION CENTRE

Ms Olivia Lum, Group CEO, President & Managing Director;

Board of Directors, Hyflux Ltd;

Distinguished Guests;

Ladies and Gentlemen;

Good Evening.

Introduction

It gives me great pleasure to join you in celebrating the 20th anniversary of Hyflux Ltd. Congratulations to Ms Olivia Lum and the staff of Hyflux on achieving this significant milestone.

2 Hyflux's success story is already well documented. From the trading of water treatment chemicals, Hyflux is now a leading global environmental solutions provider. It is building the world's largest seawater desalination plant in Algeria - a testament to its ability to compete against the world's biggest and best water companies. Hyflux serves as a good example that Singapore-based companies can overcome their lack of size and resources to gain market share, confidence and prominence on the global stage.

3 The environment and water industries are key growth areas for Singapore. We have built up strong capabilities and experience in water management over the last four decades and are among the leaders in the adoption of new water technologies. This experience, coupled with a

growing base of world-class water and environmental solutions providers such as Hyflux, puts Singapore in a good position to be a Global Hydrohub.

4 Singapore will continue to focus on competitive factors that will support the growth of the water industry. We will continue to invest in R&D and develop manpower capabilities in water and environmental technologies, and systems integration. For example, three new environment and water technologies centres were officially opened at NTU's Nanyang Environment and Water Research Institute last month. We have also seen an increase in the level of research activities undertaken by companies in Singapore.

5 For Hyflux, I am pleased to learn that the company sets aside some five to eight percent of total revenues each year on R&D. It currently houses Asia's largest commercial R&D centre for membranes and materials technology outside Japan. Some 150 researchers work in Singapore, and another over 50 researchers work in China and Europe. Hyflux's ability to compete effectively lies in its ability to translate its research in membrane technology and process engineering capabilities into commercially viable products and solutions.

6 Singapore is also positioning itself as a Living Laboratory where companies can develop, test and demonstrate new solutions to address challenges associated with urbanisation and sustainable development. The supply of clean water to consumers and industry is one of the key challenges. We will continue to seek opportunities to create platforms for test-bed activities, for example in our industrial complexes, and well as create the environment to facilitate pilot scale-ups.

7 I am also pleased that Hyflux has plans for future expansion, even as companies hold back their investments during this economic slowdown. It is building a new global headquarter and R&D campus coupled with a new membrane manufacturing centre, with total investments amounting to some S\$120 million over the next 3 to 5 years.

8 Hyflux's new Global HQ and R&D Campus will be the nerve centre of its global operations. It will spearhead development of advanced membrane technologies in water and process treatment for both municipal and industrial applications. It will also be the centre for collaborative research efforts with its strategic partners, the universities and research institutes. There are plans to raise the number of researchers in the Group from the current 200 to about 300.

9 The Tuas Manufacturing Hub will meet Hyflux' expansion plans as well as integrate the Group's membrane production plants currently located at two different locations. To be developed in phases, the new manufacturing centre will enable the Group to meet the rising demand for its membranes and systems from its customers worldwide and for its large-scale desalination projects in the Middle East.

10 I am confident that with its visionary leadership, strong management, cutting-edge technology and the support of its staff, Hyflux will go on to attain more accolades in the years ahead.

11 Once again, congratulations on achieving your 20th year milestone. Thank you.