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METAX ENGINEERING CORPORATION LIMITED

(Incorporated in the Republic of Singapore under Registration Number 197500111H)

PROJECT AT MANGALAM AND EASTERN COMMON EFFLUENT TREATMENT PLANTS

The Board of Directors of Metax Engineering Corporation Limited (the "**Company**") refers to the announcements dated 13 April 2006, 4 May 2009 and 25 May 2009 in relation to the above project. The Company wishes to announce that it has been informed by its banker that the owner for the above project, Mangalam-Eastern Water Recycling Company Limited (the "**Owner**"), had made a claim under the bank guarantees in the aggregate amount of INR 24,615,000 (approximately SGD732,000) furnished by the Company in connection with the above project.

The Company has been advised by its Indian legal counsel that the claim under the bank guarantees is arbitrary and improper. The Company has filed an application with the High Court in Chennai, India for an order to require the Owner to place a deposit of the claimed amount with the High Court, pending the conclusion of arbitral proceedings.

Whilst the Company, having sought preliminary advice from its Indian legal counsel, believes that it will be successful in its efforts to seek legal redress, the resolution of the disputes relating to the above project is expected to be protracted and may not be achieved within a short period of time. As such, the Company expects to make a provision for the claimed amount and accordingly, there will be a material adverse effect on the financial performance of the Company for the current financial year.

By order of the Board

Tan Tze Wen
Managing Director
17 July 2009

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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