

**HYFLUX LTD**

Company Registration No. 200002722Z

---

**Award of Tender for First Desalination Plant**

---

Hyflux Ltd ("the Company") is pleased to announce that the Public Utilities Board ("PUB") of Singapore has awarded the tender for the supply of 136,000 cubic metres of desalinated water a day through a build-own-operate project ("Project") to Singspring, a consortium comprising the Company and Ondeo. To be built in Tuas, Singapore, the new plant is scheduled to commence the supply of water by the second half of 2005 using the reverse osmosis process for desalination.

The Company will take a 70% stake in the consortium while Ondeo will take the balance of 30%. With this increased stake, the Hyflux Group is expected to win contracts in excess of \$100 million from the EPC (engineering, construction and procurement) contractor for the Project. Most of this value will be for the supply of membrane systems which will be built locally using Hyflux proprietary membrane system. The revenue from this project will be realised over the next 2½ years.

Commenting on this award, Ms Olivia Lum, Group CEO and President said, "We are honoured to be awarded this Project, our biggest project to date. This is a strategic project for us and so it is logical for us to take a majority interest. It will position us to be a strategic player in large municipal projects in Singapore and beyond."

Total equity investment in Singspring is expected to be about \$50 million. Funding for the rest of the Project will be by project financing. Total project cost is estimated at \$250 million.

By order of the Board

Submitted by Lim Kim Seng, Company Secretary on 19/01/2003 to the SGX