Hyflux Ltd (the “Company”) is pleased to announce the signing of a cooperative agreement with Ningxia Electric Power Development & Investment Co., Ltd (“NEPDIC”) and Western PVC Co., Ltd (“WPVC”) and witnessed by the People’s Government of Shizuishan City, Ningxia Province, China.

The Cooperative Agreement provides for the establishment of a joint venture company among NEPDIC, WPVC and the Company to build, own and operate an organic acid plant in Shizuishan City, Ningxia Province, China using the Company’s proprietary membrane-based process technology.

The Company and its subsidiaries will undertake the engineering, procurement and construction (“EPC”) of the plant at an estimated lump sum price of US$55 million for the first phase which is scheduled for completion in 2006. The total project cost is estimated to be around US$65 million.

Commenting on this collaboration, Ms Olivia Lum, Group CEO and President said, “We are honoured to be selected by NEPDIC and WPVC to be their partners in this project. Our roles are both as the EPC contractor and the O&M (operation and maintenance) operator. This affirms our position as a leading supplier of liquid treatment plant to the biotechnology sector using advanced membrane technology that we have developed in-house in our R&D centre. When operational in 2006, this will be the biggest membrane-based industrial plant to be undertaken by the Group.”

The parties will now perform an in-depth feasibility study of the project, including defining the technical specifications. Pending the completion of this study and finalising the definitive agreements, the Company is unable to determine the financial impact of this project on its financial results in FY2005.

NEPDIC is a state-owned company incorporated in Ningxia, China in 1996. It is mainly engaged in the investment and the operation of power plant and related property and high-technology projects. It is also involved in investment management and consultancy.

WPVC, a company incorporated in Ningxia, China, is one of the largest manufacturers in China of polyvinyl chloride resins and other chemical raw materials and is also involved in producing utilities for its own consumption.

By Order of the Board

Lim Kim Seng
Company Secretary

Submitted by Lim Kim Seng, Company Secretary on 21 January 2005 to the SGX-ST