

HYFLUX LTD

Company Registration No. 200002722Z

DIVESTMENT OF 50% EQUITY IN SINGSPRING PTE LTD

Further to our announcement on the proposed securitization of our seawater desalination project on 12 August 2004, Hyflux Ltd (the "Company") is pleased to announce the signing of a binding term sheet with Temasek Capital (Private) Limited ("Temasek"), a wholly owned subsidiary of Temasek Holdings (Private) Limited, on the proposed acquisition by Temasek of a 50% equity in SingSpring Pte Ltd ("SingSpring").

SingSpring, currently 100% owned by the Company, has signed a 20-year water purchase agreement with Public Utilities Board of Singapore ("PUB") to develop, own, finance, build and operate Singapore's first seawater desalination plant. Now in the midst of commissioning, this plant will have a designed capacity of 136,380 m3 per day, making it one of the largest membrane-based seawater desalination plants in the world.

Under the proposed acquisition, the Company will transfer 50% of SingSpring to Temasek in consideration for S\$30 million. The transaction is subject, inter alia, to the approval of PUB and the lenders of the project finance loans to SingSpring and to satisfactory due diligence by Temasek. The target date for completion is by end April 2005. Following completion, the parties shall use their best efforts to procure SingSpring to create a business trust or to refinance its current debt.

Commenting on this transaction, Ms Olivia Lum, Group CEO and President said, "We welcome Temasek as a shareholder in SingSpring. This divestment is a first step in our proposed securitization or refinancing of the SingSpring project. With this divestment, we will have a stronger balance sheet to support our growth. It is part of our strategy to release hidden value in our assets, thus enabling us to tap new investment opportunities in other BOO/BOT projects. We can then apply the same model to harness the hidden value of these new projects when appropriate."

The Company is expected to realize a capital gain of S\$20 million from this transaction.

By Order of the Board

Lim Kim Seng
Company Secretary

Submitted by Lim Kim Seng, Company Secretary on 13 April 2005 to the SGX-ST