

## **HYFLUX LTD**

Company Registration No: 200002722Z

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### **PROPOSED DIVESTMENT OF SINGSPRING PTE LTD TO A BUSINESS TRUST**

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Hyflux Ltd (“Company”) is pleased to make the following announcement relating to the proposed divestment of SingSpring Pte Ltd (“SingSpring”) to a business trust.

SingSpring is the owner of the first seawater desalination plant in Singapore, with a designed capacity of 136,380 m<sup>3</sup>/day. SingSpring has entered into a 20-year water purchase agreement with the Public Utilities Board. The seawater desalination plant has been completed and operational since end 2005.

SingSpring is in the process of carrying out a restructuring exercise under which SingSpring will vest all the assets and its sole business of its seawater desalination plant in a trust (“SingSpring Trust”) subject to finalisation of documentation and receipt of all necessary third party and regulatory approvals.

Following the establishment of the proposed SingSpring Trust, the SingSpring Trustee will continue to own the assets and business undertakings of SingSpring legally as a trustee and will carry on the business of SingSpring for the beneficiaries of the SingSpring Trust. Hyflux will hold 30% of the units in the SingSpring Trust.

The Company’s wholly owned subsidiary Hyflux Engineering (S) Pte Ltd will continue to be the operator of the SingSpring desalination plant for the entire term of the water purchase agreement, which will generate long-term recurring

income stream both from the operating and maintenance income and the profits of SingSpring for the Hyflux group.

Commenting on the proposed divestment of SingSpring, Group CEO and president of the Company Ms Olivia Lum says: “This trust structure is a good springboard to realize the Company’s vision of its asset light strategy. In addition to the Singapore portfolio, the Company has also cultivated and will be delivering a strong pipeline of BOO and BOT projects in China, India and Middle East. We believe that the planned business trust structure may also be a possible platform for the Company to unlock the intrinsic values of these other water assets at the opportune time.”

The Company will make the necessary announcements in accordance with the requirements of the Singapore Exchange Securities Trading Limited, which will provide the details of the restructuring exercise.

### **About Hyflux Ltd**

Founded in 1989, Hyflux Ltd has rapidly grown to become one of Asia’s leading water and fluid treatment companies specialising in membrane technologies, with operations in Singapore, China, the Middle East and India.

Listed on the Singapore Stock Exchange, Hyflux is today an integrated solutions provider offering services that include process design and optimisation, pilot testing, fabrication, and installation, engineering procurement & construction. It is also engaged in the commissioning, operation & maintenance of a wide range of water treatment & liquid separation plants on a turnkey or Design-Build-Own-Operate (DBOO) arrangement.

In 2006, Hyflux was accorded Water Company of the Year award by the UK’s Global Water Intelligence at the Global Water Awards. In 2005, Hyflux was

among eleven Singapore companies that made it to Forbes Asia's "Best Under a Billion" list.

As at 14 November 2006, the Company has an order book of S\$454 million. In addition, the Company is delivering more than 13 BOO and BOT projects in China and India, scheduled to be completed within the next one to three years.

By Order of the Board

Grace Goh Bee Kheng  
Company Secretary

Submitted on 21 December 2006, to SGX-ST