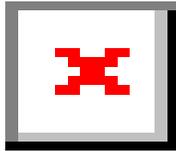


Date Published: 16 Jan 2004

Ms Olivia Lum, Group CEO & President, Hyflux Ltd
Mr. Tan Gee Paw, Chairman, PUB
Excellency, Distinguished guests
Ladies & gentlemen

1 PUB has two challenges: First, to ensure that Singapore will always have enough safe and clean potable water to meet the needs of our people and industry; Second, to keep the cost of supply at an affordable level.

Third "national tap" - NEWater



2 In May 2002, we announced that we would increase our supply capacity by enlarging our water catchments area, and at the same time increase the sources of supply from the traditional two "National Taps" (local reservoirs and Johor) to four taps before 2011.

3 Since then, our third "national tap" has come into operation. In February last year, our Prime Minister officially opened the first two NEWater plants at Bedok and Kranji. Today, these two plants supply about 10 million gallons of NEWater everyday to wafer fabrication plants, factories and commercial buildings located in the Northwest and Southeast areas for direct non-potable use, and to our reservoirs for indirect potable use.

4 This month, our third NEWater plant at Seletar will come into production, delivering NEWater to wafer fabrication plants and industry located in the Northeast area.

5 In anticipation of growing demand for NEWater by industry and commercial users, PUB is also working on the fourth NEWater plant. It will be located at Ulu Pandan to serve the industrial and commercial sectors in the western and central regions. It will be up and running by 2006.

6 By then, our third "national tap" will be firmly in place - with a network of four NEWater plants located at four different parts of Singapore to complement our traditional sources of supply.

Fourth "national tap" - Desalinated water

7 Today, we are here to witness yet another milestone in our water supply strategy.

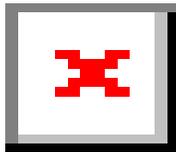
8 Thanks to advancements in water purification technologies, the cost of seawater desalination has fallen significantly. Desalinated water is now an affordable source, making our overall supply system even more dependable and resilient.

9 In January last year, PUB awarded a contract to SingSpring for the supply of desalinated water. Under this Design-Build-Own-Operate (DBOO) contract, SingSpring, a wholly owned subsidiary of Hyflux Ltd, will supply 30 million gallons of desalinated water per day for 20 years.

10 This seawater desalination plant will be one of the first and largest of such water supply facilities in this region. When it is completed in two years' time, we will have put in place all four "National Taps" to meet our long term water needs in a much more sustainable manner.

Best sourcing

11 To ensure that our expanded water supply system will be as cost competitive as possible, PUB is adopting a "Best Sourcing" approach. It will nurture the growth of the water industry as it taps on leading edge technologies and expertise available in the private sector.



12 For desalination water, PUB has facilitated private sector participation through this DBOO project. For NEWater, having established the viability of water reclamation, PUB will likewise invite private sector participation by structuring the Ulu Pandan NEWater plant as another DBOO project. Such public-private sector partnership will enhance supply efficiency, and help keep the cost of water as affordable as possible for the benefit of all water users. Over time, it will also help grow our water industry into an export oriented service industry.

13 In closing, I would like to congratulate SingSpring and all parties on the ground breaking of this project, and wish you great success. I would also like to commend PUB for its efforts in planning and implementing this DBOO desalination project. We look forward to the commencement of supply of desalinated water in 2005. Thank you.