

PAN ASIAN WATER SOLUTIONS LIMITED

Registration No. 197902790N

PURCHASE OF MANUFACTURING MACHINERIES WORTH RMB2.8 MILLION FROM SINZHONG VALVES & FITTINGS (WUXI) CO. LTD

The Board of Directors of Pan Asian Water Solutions Limited (the “**Company**”) wishes to announce that the Company’s subsidiary Duvalco Valves (Tianjin) Co. Ltd has, on 28 September 2010, entered into a Sale and Purchase Agreement (“**SPA**”) with Sinzhong Valves & Fittings (Wuxi) Co. Ltd to purchase manufacturing machineries for a total consideration of RMB2.8 million (approximately S\$554,400 equivalent based on the exchange rate of 1RMB: 0.1980SGD as at 28 September 2010).

Duvalco Valves (Tianjin) Co. Ltd is a 60:40 joint venture company between the Company’s wholly owned subsidiary Duvalco Valves & Fittings Pte Ltd and a third party manufacturing company in China, Tianjin Bohai Yongsheng Valves Co. Ltd.

Sinzhong Valves & Fittings (Wuxi) Co. Ltd is wholly owned by the Company’s Executive Chairman, Mr. Richard Koh Chye Heng.

BASIS FOR THE CONSIDERATION OF THE SPA

The total consideration of the SPA is RMB2.8 million, being the valuation of the machineries as certified by an independent valuer based in Shanghai, 上海信工业资产评估有限公司.

RATIONALE FOR THE SPA

The purchase of the machineries is to enable Duvalco Valves (Tianjin) Co. Ltd to continue to maintain its product quality to customers.

Prior to the SPA, the machineries were being used by the Duvalco Valves (Tianjin) Co. Ltd at “on trial” basis for eight months from January 2010 to ensure that these machineries are indeed the needed machineries to achieved the desired production quality.

INTERESTED PERSON TRANSACTION

The SPA is an interested person transaction constitutes an interested person transaction as defined under Chapter 9 of the SGX Listing Manual.

The Audit Committee is of the view that the SPA is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

As the consideration for the SPA of S\$554,400 constitutes less than 5% of the Group’s latest audited net tangible asset of S\$18,534,000 as at 31 December 2009, no shareholders’ approval is required.

AGGREGATE AMOUNT OF INTERESTED PERSON TRANSACTIONS TO DATE

The aggregate amount of the interested person transactions with the Company's Executive Chairman, Mr. Richard Koh Chye Heng, as the interested person from 1 January 2010 to the date of this announcement is as follows:

Interested Persons Transactions		
Name of Interested Person	Aggregate value of all interested persons transactions from 01 January 10 to the date of this announcement (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested persons transactions from 01 January 2010 to the date of this announcement under shareholders' mandate pursuant to Rule 920
	S\$'000	S\$'000
Purchase from : Sinzhong Valves & Fittings (Wuxi) Co. Ltd	Nil	428

Save as disclosed above, the Company and its subsidiaries (the "Group") do not have any other interested person transactions with Mr. Richard Koh Chye Heng for the current financial year.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the above, none of the directors or controlling shareholders of the Company has any direct or indirect interest in the SPA except through their shareholdings in the Company.

BY ORDER OF THE BOARD
Richard Koh Chye Heng
Executive Chairman
Date: 29 September 2010

This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the SGX-ST. Collins Stewart Pte. Limited, has not independently verified the contents of this document. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.