

PAN ASIAN WATER SOLUTIONS LIMITED

Registration No. 197902790N

ACQUISITION OF LAND IN TIANJIN ECO-CITY

The Board of Directors of Pan Asian Water Solutions Limited (the "Company") wishes to announce that the Company has, on 8 June 2010, entered into a Land Use Rights Transfer Agreement with Sino-Singapore Tianjin Eco-City Investment and Development Co. Ltd to acquire a plot of land (the "Land") (the "Acquisition"). The Land, with a site area of 29,700 square meters, is located at Tianjin Eco-City. Tianjin Eco-City is located approximately 40 kilometres from Tianjin city centre and approximately 10 kilometres from the core district of the Tianjin Binhai New Area.

RELATIVE FIGURES UNDER LISTING RULE 1006

The relative figures computed on the bases set out in Rule 1006 of the Listing Rules of Catalist of the Singapore Exchange Securities Trading Limited are set out below:-

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| (a) Net asset value of the assets to be disposed of, compared with the Company's net asset value | Not applicable to an acquisition of assets |
| (b) Net profits attributable to the assets acquired, compared with the net profits of the Group of \$2,547,000 for FY2009. | Not applicable as no earnings is attributable the asset acquired |
| (c) Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares) as at 2 June 2010 | 22.4% ¹ |
| (d) Number of equity securities issued by the Company as consideration for the acquisition | Not applicable |

Note:-

- 1 Based on the Company's market capitalization of S\$12.5 million (125 million shares multiplied by the volume weighted average price of S\$0.10 per share) as at 2 June 2010, the latest market day where there were trades.

As the relative figures computed above exceed 5% but are less than 75%, the Acquisition is not subject to shareholders' approval.

CONSIDERATION FOR THE ACQUISITION

The consideration for the Land is RMB13,400,000.00 or approximately S\$2,800,000.00. The consideration is determined after negotiations on a willing buyer, willing seller basis.

The consideration will be satisfied entirely through cash from internal resources.

RATIONALE FOR THE ACQUISITION

The Land will be used to set up the Group's China headquarters in Tianjin Eco-City and consolidate its existing pipe and valve manufacturing operations.

COMPLETION

The completion of the Acquisition is expected to be within 6 months from the date of the Land Use Rights Transfer Agreement.

FINANCIAL EFFECTS

The Acquisition is not expected to have a material impact on the net tangible assets per share or earnings per share of the Company for the financial year ending 31 December 2010.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the above transaction.

DOCUMENTS FOR INSPECTION

A copy of the Land Use Transfer Rights Agreement will be made for inspection during normal business hours at the Company's registered office for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Richard Koh Chye Heng

Executive Chairman

Date: 8 June 2010

This announcement 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 announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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