



Purity with Innovation

ASIA WATER AWARDED RMB152.7 MILLION CONTRACT FOR WASTEWATER TREATMENT FACILITY IN HUANGSHI CITY, HUBEI PROVINCE

The Board of Directors of Asia Water Technology Ltd. (“Asia Water”, the “Company”, or together with its subsidiaries the “Group”) is pleased to announce that its subsidiary, Wuhan Kaidi Water Services Co., Ltd (“WKS”), has secured a contract worth approximately RMB152.7 million (equivalent to S\$30.5 million) to upgrade an existing wastewater treatment facility in Huangshi City, Hubei Province, the People’s Republic of China (“PRC”) with a current treatment capacity of 125,000 tonnes per day and to manage the existing wastewater treatment facility for a period of 27 years (including the construction phase) (collectively “the Project”). The Project typifies a Build-Operate-Transfer (“BOT”) contract.

The current wastewater treatment facility would require upgrading to meet new requirements introduced by the central government to improve wastewater treatment standards in the PRC. Asia Water has been contracted by Huangshi City municipal government to upgrade the wastewater treatment facility’s treatment standard to a Grade 1B.

The Company will through its two wholly-owned subsidiaries, WKS and Asia Water Investments Pte. Ltd. (“AWI”), incorporate a new subsidiary, to be known as Huangshi Kaidi Water Services Co., Ltd (“Huangshi Kaidi”), with a registered capital of RMB55 million to undertake this Project. Upon incorporation, both WKS and AWI will hold a 20% and 80% stake in Huangshi Kaidi respectively. The Project is expected to be completed by 2009, and upon completion, Huangshi Kaidi will manage the existing wastewater treatment facility thereafter for a period of 27 years (including the construction phase) with minimum off take guaranteed by the government.

Commenting on the Project, Mr Huang Hanguang (黄汉光), Chief Executive Officer of Asia Water said, “We hope to see increasing demand for the upgrading and expansion of water treatment facilities following stricter wastewater treatment regulations from the central

government. With our expertise in building high-grade water treatment facilities and established track record in the management of such facilities, we are in a strong position to tap into this market.”

Approximately RMB44 million (approximately S\$8.8 million) of the total investment in Huangshi Kaidi would be funded by the net proceeds from the issue of the Group’s Series 1 Bonds and the remaining RMB11 million (approximately S\$2.2 million) would be funded by the Group’s internal resources.

The Project is not expected to have any material effect on the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2008.

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

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About Huangshi City

Located in southeast Hubei province, on the south bank of the middle reaches of the Yangtze River, Huangshi City covers an area of 233.8 square kilometres with an estimated urban population of 671,000. Built after 1950, the city ranks as one of Hubei’s most important industrial centres, specialising in heavy industries such as iron and steel, textile and building materials. The city’s financial income has reached RMB5.2 billion in 2007.

By Order of the Board
Tan Kim Han, Raymond
Financial Controller/Company Secretary
9 June 2008