

**UNITED ENVIROTECH LTD.**  
(Incorporated in the Republic of Singapore)  
(Company registration no.: 200306466G)

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**ACQUISITION OF THE BUSINESS, ASSETS AND PRINCIPAL SUBSIDIARIES OF  
MEMSTAR TECHNOLOGY LTD BY UNITED ENVIROTECH LTD – (A) SIDE AGREEMENT;  
(B) CONSENT AGREEMENT; (C) BRIDGE FACILITY AGREEMENT; AND (D) TAKE-OUT  
FACILITY AGREEMENT**

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**1. INTRODUCTION**

The board of directors (the “**Board**”) of United Envirotech Ltd. (the “**Company**”) refers to the announcements made by the Company on 29 July 2013, 7 August 2013, 13 August 2013, 26 November 2013, 9 January 2014 and 20 January 2014 (the “**Prior Announcements**”), and the circular despatched by the Company on 20 January 2014 (the “**Circular**”), in relation to the acquisition of the business, assets and principal subsidiaries of Memstar Technology Ltd (the “**Vendor**”) by the Company (the “**Transaction**”).

*Unless otherwise expressly specified, capitalised terms herein shall bear the same meanings as defined in the Prior Announcements and the Circular.*

**2. UPDATES IN RELATION TO THE TRANSACTION**

Further to the Prior Announcements and the Circular, the Board wishes to announce that in connection with the financing of the Transaction, a loan agreement of \$55,000,000 has been entered into by, amongst others, the Company as guarantor, its wholly-owned subsidiary, United Envirotech Water Resource Pte. Ltd. (“**UEW**”) as borrower, and CTBC Bank Co., Ltd., DBS Bank Ltd. and Standard Chartered Bank as the original lenders, on 8 April 2014 (the “**Bridge Facility Agreement**”).

In connection with the Bridge Facility Agreement, the Company has entered into the following agreements:

- (i) an agreement dated 7 April 2014 (the “**Side Agreement**”) between the Company and UEW, pursuant to which UEW will acquire the Sale Shares (as defined in the Circular), Sale Assets (as defined in the Circular), and Acquisition Rights (as defined below) from the Company after the Completion of the S&P Agreement (as further set out in paragraph 2.3 of this announcement below); and

- (ii) an agreement dated 8 April 2014 (the “**Consent Agreement**”) between the Company and the Vendor, pursuant to which the Vendor has, *inter alia*, consented to (i) the assignment of the rights, title, interests and benefits of the S&P Agreement by the Company to UEW, and in turn from UEW to any bank or financial institution or to a trust, fund or other entity for the purpose of or in connection with the financing or refinancing of the Transaction, with effect from Completion of the S&P Agreement; and (ii) partial waiver of Clause 8.2 contained in Schedule 3 of the S&P Agreement (as further set out in paragraph 2.4 of this announcement below).

Upon completion of the S&P Agreement and the Side Agreement, the Bridge Facility Agreement contemplates, *inter alia*, the Target Company entering into a S\$55,000,000 facility agreement (the “**Take-Out Facility Agreement**”), pursuant to which the funds will be upstreamed to UEW (by way of a S\$55,000,000 intercompany loan from the Target Company to UEW) for the purpose of repaying the principal amounts owing by UEW under the Bridge Facility Agreement.

## **2.1 Rule 704(31) disclosure**

Pursuant to Rule 704(31) of the SGX-ST Listing Manual, the Company wishes to disclose that the Bridge Facility Agreement contains conditions that make reference to the shareholding interests of KKR (the single largest Shareholder, which holds 98,536,000 Shares, representing 16.58% of the issued share capital of the Company, and convertible Bonds of US\$113.8 million in aggregate principal amount as at the date of this announcement) or places restrictions on any change in control of the Company. The relevant clause (Clause 7.2) is set out in the appendix to this announcement (the “**Appendix**”).

As at the date of this announcement, none of the conditions under Clause 7.2 of the Bridge Facility Agreement has occurred. Assuming any such conditions occur, and assuming that the Bridge Facility Agreement has been fully drawn down, the aggregate maximum level of facilities available to the Group as at the date of this announcement that may be affected by such occurrence is approximately S\$228 million<sup>1</sup> (including the principal amount of the loan under the Bridge Facility Agreement).

## **2.2 Rule 728 Undertaking**

In compliance with Rule 728 of the SGX-ST Listing Manual, the Company has obtained an undertaking from KKR to notify the Company as soon as they become aware of:

- (i) any share pledging arrangements relating to the shares that they own in the Company; and
- (ii) any event which may result in a breach of UEW's loan provisions under the Bridge Facility Agreement,

together with the following details:

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<sup>1</sup> Borrowings denominated in foreign currencies are converted at the prevailing exchange rates.

- (a) the class, number of shares and percentage of the Company's issued share capital that is the subject of the security interest;
- (b) the party or parties in whose favour the security interest is created or financial instrument is given; and
- (c) all other material details which are necessary for the understanding of the arrangements.

## 2.3 Salient terms of the Side Agreement

### 2.3.1 *Sale and Purchase*

Subject to the terms and conditions of the Side Agreement, the Company shall sell transfer grant or assign to UEW (the "**Transfer**"), and UEW shall purchase acquire and assume from the Company, with effect from the date of completion of the Transaction, free and clear of all encumbrances and together with all rights and advantages attaching thereto:

- (i) Sale Shares;
- (ii) Sale Assets; and
- (iii) Acquisition Rights,

(collectively, the "**Sale Subjects**"),

where "**Acquisition Rights**" shall refer to the rights, title, interests and benefits assigned by the Company to UEW under the Consent Agreement (as set out in paragraph 2.4 of this announcement below).

### 2.3.2 *Purchase Consideration*

The aggregate consideration for the purchase and transfer of the Sale Subjects shall be S\$293,414,807 (the "**Purchase Consideration**"), and was arrived at by agreement between the Company and UEW based on a willing-buyer willing-seller basis.

The Purchase Consideration shall be satisfied by UEW to the Company partly in cash and partly by way of issuance and allotment of new ordinary shares in the capital of the Company (the "**Consideration Shares**") as follows:

- (i) payment of S\$55,000,000 in cash; and
- (ii) the remaining S\$238,414,807 shall be satisfied by way of allotment and issuance of 196,807,069 Consideration Shares by the Company to the Vendor, credited as fully paid-up.

## 2.4 Salient terms of the Consent Agreement

Pursuant to Clause 13.3 of the S&P Agreement, the Vendor consents to, upon and with effect from completion of the Transaction, the absolute assignment of the Company's present and future rights, titles and interest in and to, and all benefits accrued and/or to accrue to it under or arising out of the S&P Agreement, to UEW, including all monies which may at any time be received by or payable to the Company, and any claims, awards and judgments in favour of the Company under or in connection with the S&P Agreement.

The Vendor also consents to UEW, in turn, charging and/or assigning by way of security all or part of such rights, title, interests and benefits to any bank or financial institution or to a trust, fund or other entity for the purpose of or in connection with the financing or refinancing (whether in whole or in part) by the Company and/or any affiliate of the Company of the acquisition of the Sale Shares and Sale Assets (the "**Assignee**"), including all monies which may at any time be received by or payable to the Company, and any claims, awards and judgments in favour of UEW under or in connection with the S&P Agreement.

The Company and the Vendor agree that neither UE Water nor the Assignee shall be entitled to receive under the S&P Agreement, or maintain any claim pursuant to the S&P Agreement for, any greater amount than that which the Company would similarly have been entitled to receive under the S&P Agreement, or to maintain a claim pursuant to the S&P Agreement for, if such assignment had not occurred. The Company shall procure that UE Water and the Assignee expressly acknowledge and agree to be bound by the provisions of the relevant clause ("**Acknowledgement**") and that they will deliver a copy of such Acknowledgement to the Vendor at the time of any applicable assignment.

Further, the Vendor has agreed to, with effect from the date of the Consent Agreement, a partial waiver of Clause 8.2 contained in Schedule 3 of the S&P Agreement, to the extent necessary for the Company's purposes of carrying out its obligations and implementing the transactions envisaged under the S&P Agreement. The Vendor has also agreed that it will not make or bring any action, proceeding or claim against the Company which action, proceeding or claim may be made or brought against the Vendor or which the Vendor may suffer or incur as a result of or in relation to the Company's (or any of its subsidiary's) entry into any financing, credit or banking arrangements with any third party after the date of the S&P Agreement, and the Company will not be liable to indemnify or keep the Vendor harmless for any such action, proceeding or claim.

### **3. TAKE-OUT FACILITY AGREEMENT**

#### **3.1 Purpose of the Take-Out Facility Agreement**

The Target Company will be entering into the S\$55,000,000 Take-Out Facility Agreement as borrower, with amongst others, the Company, UEW and Memstar Water Pte. Ltd. as guarantors, CTBC Bank Co., Ltd., DBS Bank Ltd. and Standard Chartered Bank as mandated lead arrangers, Standard Chartered Bank as bookrunner, the financial institutions listed therein as original lenders and Standard Chartered Bank (Hong Kong) Limited as agent and security agent.

The S\$55,000,000 will be transferred from the Target Company to UEW as an intercompany loan for the purpose of repaying the principal amounts owing by UEW under the Bridge Facility Agreement (the “**Upstreaming of Funds**”).

Further to the above, the Target Company will issue and allot 11,408,488 new ordinary shares in the capital of the Target Company to UEW in connection with the repayment of the amount of approximately S\$38,000,000 owing by the Target Company in respect of part of the Net Receivables transferred to UEW pursuant to the Transaction and the subsequent Transfer (the “**Share Issuance**”).

### **3.2 Financial Assistance**

In connection with the Take-Out Facility Agreement, the liabilities of the Target Company will be secured by certain security documents (the “**Security Documents**”).

The following actions of the Target Company would constitute the provision of financial assistance, directly or indirectly, within the meaning of Section 76 of the Companies Act by the Company to UEW in connection with the Acquisition and the Transfer (“**Financial Assistance**”):

- (i) the entry into and execution by the Target Company of the Security Documents (to which it is a party) and all other related documents and the performance of its obligations thereunder;
- (ii) the Upstreaming of Funds for the purpose of repaying the principal amounts owing by UEW under the Bridge Facility Agreement; and
- (iii) the Share Issuance.

The Target Company will be observing the procedures set out in Section 76(9B) of the Companies Act prior to giving the Financial Assistance.

## **4. FURTHER UPDATES**

The Company will make further announcements as and when there are material updates on this matter.

### **BY ORDER OF THE BOARD**

Dr. Lin Yucheng  
Chairman and Chief Executive Officer  
9 April 2014

## Appendix

### Clause 7.2 of the Bridge Facility Agreement

#### **7.2 Change of control and redemption of Convertible Bonds**

(a) Upon the occurrence of:

- (i) a Change of Control; or
- (ii) a notification by K.K.R. issued to the Company that it is exercising its right to require the Company to redeem the Convertible Bonds in accordance with their terms,

the Facility will be cancelled and the outstanding Utilisation, together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

(b) In this Clause 7.2, a "**Change of Control**" will occur if:

- (i) in respect of the Company:
  - (A) at any time during which more than 50 per cent. of the Total Commitment remains outstanding, the Key Shareholders acting in concert neither:
    - 1. own at least 50 per cent. of the issued share capital having the right to cast votes in general meetings of the Company; nor
    - 2. hold the right to appoint and remove all or a majority of the members of the Company's board of directors or equivalent body; or
  - (B) any person or persons (other than the Existing Shareholders) acting in concert acquires control of the Company;
- (ii) in respect of the Borrower, the Company ceases to:
  - (A) own all of the issued share capital of the Borrower;
  - (B) own the issued share capital having the right to cast all of the votes capable of being cast in general meetings of the Borrower; or
  - (C) hold the right to determine the composition of a majority of the board of directors or equivalent body of the Borrower;
- (iii) prior to the Acquisition, the Vendor ceases to:
  - (A) own all of the issued share capital of the Target;
  - (B) own the issued share capital having the right to cast all of the votes capable of being cast in general meetings of the Target; and
  - (C) hold the right to determine the composition of a majority of the board of directors or equivalent body of the Target;
- (iv) on or after the Acquisition Settlement Time, the Borrower ceases to own:
  - (A) own all of the issued share capital of the Target;
  - (B) own the issued share capital having the right to cast all of the votes capable of being cast in general meetings of the Target; and

(C) hold the right to determine the composition of a majority of the board of directors or equivalent body of the Target.

For the purposes of this definition:

- (1) **"acting in concert"** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the relevant company, to obtain or consolidate control of the relevant company;
- (2) **"control"** means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or the right to appoint and/or remove all or a majority of the members of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms **"controlling"** and **"controlled"** shall have meanings correlative to the foregoing; and
- (3) **"Key Shareholders"** means (i) Dr. Lin Yucheng and/or his family and/or persons which are controlled by any of them and/or any trust the beneficial interests in which are majority-owned by Dr. Lin Yucheng and/or his family and/or persons controlled by any of them, (ii) the executive directors of the Company as at the date of this Agreement and (iii) K.K.R and any funds controlled by K.K.R.