



United Envirotech Ltd

Company Registration No: 200306466G

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Immediate Release

United Envirotech's 2Q FY2011 net profit surges 94.6% to S\$6.1 million on delivery of key project

- Net Profit for 1H FY2011 climbed 144.2% to S\$10.3 million, representing 70% of FY2010 full year net profit
- On track to increase total wastewater treatment capacity to 700,000m³, with the commissioning of 2 new BOT projects
- Recorded one of the best TDR listing record with price hitting 7% daily limit for 5 consecutive days

Singapore – 1 November 2010 – Mainboard-listed United Envirotech Ltd. (“United Envirotech”, “The Group” or “联合环境技术有限公司”), a leading global membrane-based water and wastewater treatment solutions provider, announced a net profit growth of 94.6% to S\$6.1 million for the 3 months ended 30 September 2010 (“2Q FY2011”) on the back of a 103.8% increase in revenue to S\$23.0 million in 2Q FY2011.

Dr Lin Yucheng (林玉程博士), Chairman and CEO of United Envirotech, says: *“Our strong financial performance in the 1st quarter has carried onto the 2nd quarter, with a 144.2% year-on-year (yoy) increase in our first half net profit to S\$10.3 million. At present, we have already achieved 70% of FY2010's total net profit.*

The revenue growth is attributed to the completion of the Guangzhou JingXi plant, which is Asia's largest underground Membrane Bioreactor (MBR) wastewater treatment plant. United Envirotech has surpassed all expectations by completing this milestone project within a short period of 9 months. As a testament to our strong project execution, the plant won recognition from the Guangzhou Party Secretary and Mayor during their visit in September 2010.”



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2Q FY2011 Financial Review

Table 1: Financial Highlights

Description (S\$'000)	2Q FY2011	2Q FY2010	% Change	1H FY2011	1H FY2010	% Change
Revenue	23,012	11,289	103.8	45,369	20,134	125.3
Materials purchased, consumables used and subcontractors' fees	(13,245)	(4,294)	208.5	(27,979)	(9,121)	206.8
Profit before income tax	7,166	3,457	107.3	11,873	4,780	148.4
Net Profit for the period	6,056	3,112	94.6	10,282	4,210	144.2
Earnings per share (Sing cents)*	1.35	0.78	73.1	2.28	1.06	115.1

*Based on 450,147,000 and 397,596,000 ordinary shares for FY2010 and FY2009 respectively, on a fully diluted basis

The Group generated S\$23.0 million in revenue for the period, representing a 103.8% yoy climb. Materials purchased, consumables used and subcontractors' fees increased 208.5% to S\$13.2 million in 2Q FY2011 from S\$4.3 million in 2Q FY2010 as a result of the completion of Guangzhou EPC project and the construction of the Build-Operate-Transfer (BOT) project in Heilongjiang and Liaoyang province.

In tune with the surge in revenue, net profit after tax increased 94.6% yoy to S\$6.1 million. Earnings per share correspondingly increased 73.1% to Sing 1.35 cents in 2Q FY2011 as compared to Sing 0.78 cents in 2Q FY2010.

The Group's balance sheet continued to stay healthy, maintaining cash and bank balances of S\$30.9 million as at 30 September 2010. The 17.1% decline in cash and bank balances is due to the injection of funds needed for construction of the BOT investment project in Heilongjiang province. Net cash used in operating activities of S\$2.7 million is a result of payment made to creditors for the supplies of materials and services rendered during the quarter.



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Outlook

As the Chinese government commits to their fight against water pollution, the demand for environmentally sustainable membrane based wastewater treatment continues to grow. According to the *Ministry of Environmental Protection of PRC*, membrane technology accounted for only 1% of the entire wastewater treatment industry in 2007. However, in 2009, the figure has jumped to 5%. The market share of membrane technology is expected to continue growing a rapid pace and hit 27% by year 2015. Recognised in China as one of the top 5 international MBR providers in world, the Group is likely to benefit from the strong demand for membrane technology going forward.

Membrane Technology Demand Forecast

Year	Domestic Production in US\$b	% of Wastewater Industry
2007	0.9	1%
2008	2.5	2.50%
2009	6	5%
2010F	10	8%
2011F	14	12%
2012F	18	15%
2013F	22	19%
2014F	26	23%
2015F	30	27%

Source: Ministry of Environmental Protection of PRC

United Envirotech will actively seek wastewater treatment projects and operation and maintenance (O&M) services to further boost its recurring income base. Upon completion of its newly commissioned phase I BOT project in Heilongjiang in September 2010, the Group added another 50,000 m³/day operating capacity to its portfolio of wastewater treatment plants. With the on-going construction of the 2 BOT projects in Heilongjiang and Liaoyang province, the Group is on track to increase its wastewater treatment capacity from the current 305,000 m³ to 700,000m³.

The Group successfully listed its Taiwan Depository Receipts (TDRs) on the 22 October 2010 and has recorded one of the best TDR listing records, with the price hitting the 7% daily limit for 5 consecutive days. The price closed at NT\$21.7 (S\$0.92¹) on the 29 October 2010, a 65.5% premium from the Singapore shares.

¹ Based on exchange rate NT\$/S\$ exchange rate of 23.5863 (Source: Bloomberg)



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Dr Lin Yucheng comments: "Due to the overwhelming response from the Taiwan investment community, our TDR was 44 times over-subscribed. The Group raised NT\$500.8 million (\$\$21.2 million¹) of funds from the TDRs listing.

In addition, we have secured RMB\$3 billion (\$\$585.4 million²) in credit facilities from the China Merchants Bank in June this year. These funds have given the necessary financial strength to tender for regional membrane-based industrial and municipal wastewater treatment projects.

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About United Envirotech Ltd.

United Envirotech is a leading membrane-based water and wastewater treatment and recycling solutions provider in China's chemical, petrochemical and industrial park sectors. Its principle activities include design, fabrication, installation and commissioning of water and wastewater systems using its proprietary advanced membrane technologies such as the Membrane Bioreactor (MBR) technology. United Envirotech has designed and built several of the largest industrial wastewater treatment plants in Asia using the MBR technology.

The Group's membrane systems are also used in other industries such as pharmaceutical, food & beverage and textile & dye staff industries. United Envirotech undertakes both turnkey and water investment projects (TOT/BOT/BOO), as well as provides treatment plant operation and maintenance services.

United Envirotech serves a strong prominent customer base such as petrochemical giants like China Petrochemical Corporation ("Sinopec"), China National Petroleum Corporation ("CNPC"), China National Offshore Oil Corporation ("CNOOC") and Sembcorp Industries in Singapore etc.

United Envirotech was listed on SGX Mainboard on 22 April 2004. The Group listed TDR on the 22nd October 2010.

For more information, please log on www.unitedenvirotech.com

Issued for and on behalf of United Envirotech Ltd.

By Financial PR Pte Ltd

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² Based on exchange rate RMB/\$\$ exchange rate of 5.125 (Source: Bloomberg)