

## OFFER INFORMATION STATEMENT DATED 5 OCTOBER 2009

(Lodged with the Monetary Authority of Singapore on 5 October 2009)

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

A copy of this Offer Information Statement (the "**Offer Information Statement**") has been lodged with the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgement of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Placement Shares (as defined herein) being offered for investment.

An application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for the quotation of the Placement Shares on the Official List of the SGX-ST.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. In-principle approval granted by the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST is not to be taken as an indication of the merits of United Envirotech Ltd. ("**Company**"), its Subsidiaries, its Associated Companies, the Shares or the Placement Shares.

This Offer Information Statement is not for distribution, directly or indirectly, in or into the United States. The Placement Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Placement Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No securities shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgement of this Offer Information Statement.



## UNITED ENVIROTECH LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200306466G)

### PROPOSED PLACEMENT OF UP TO 40,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF UNITED ENVIROTECH LTD.

*Placement Agent*



### CIMB-GK Securities Pte. Ltd.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198701621D)

**This Offer Information Statement has been prepared solely in relation to the above transaction and shall not be relied upon by any other person and for any other purpose.**

## IMPORTANT NOTES

Persons wishing to subscribe for the Placement Shares offered by this Offer Information Statement should, before deciding whether to so subscribe, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position and performance and prospects of the Company and the Group (as defined herein) and the rights and liabilities attaching to the Placement Shares. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their accountant, stockbroker, bank manager, solicitor or other professional adviser before deciding whether to acquire the Placement Shares.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Placement or the issue of the Placement Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or the Group. Neither the delivery of this Offer Information Statement nor the issue of the Placement Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no material change in the affairs of the Company or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All subscribers of the Placement Shares should take note of any such announcement and, upon the release of such announcement or lodgment of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

The Company is not making any representation to any person regarding the legality of an investment in the Placement Shares or the Shares by such person under any investment or any other laws or regulations. In particular, the Placement Shares have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Placement Shares may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined under Regulation S under the Securities Act). No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice regarding an investment in the Placement Shares and/or the Shares. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice.

This Offer Information Statement has been prepared solely for the purpose of the acceptance and subscription of the Placement Shares pursuant to the Placement, and may not be relied upon by any persons or for any other purpose.

This Offer Information Statement may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

**The distribution of this Offer Information Statement may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions. Any person having possession of this Offer Information Statement are advised by the Company to keep themselves informed of and observe such prohibitions and restrictions.**

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## DEFINITIONS

*In this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:*

### General

- "1Q2009"** : The three-month financial period ended 30 June 2008
- "1Q2010"** : The three-month financial period ended 30 June 2009
- "Associated Company"** : In relation to an entity, means:
- (a) any corporation, other than a subsidiary of the entity, in which:
    - (i) the entity or one or more of its subsidiaries or subsidiary entities has;
    - (ii) the entity, one or more of its subsidiaries and one or more of its subsidiary entities together have;
    - (iii) the entity and one or more of its subsidiaries together have;
    - (iv) the entity and one or more of its subsidiary entities together have; or
    - (v) one or more of the subsidiaries of the entity and one or more of the subsidiary entities of the entity together have,  
  
a direct interest in voting shares of not less than 20.0 per cent. but not more than 50.0 per cent. of the total votes attached to all voting shares in the corporation; or
  - (b) any corporation, other than a subsidiary of the entity or a corporation which is an associated company of the entity by virtue of paragraph (a), the policies of which:
    - (i) the entity or one or more of its subsidiaries or subsidiary entities;
    - (ii) the entity together with one or more of its subsidiaries and one or more of its subsidiary entities;
    - (iii) the entity together with one or more of its subsidiaries;
    - (iv) the entity together with one or more of its

subsidiary entities; or

- (v) one or more of the subsidiaries of the entity together with one or more of the subsidiary entities of the entity,

is or are able to control or influence materially

<b>"Authority"</b>	:	The Monetary Authority of Singapore
<b>"AWT"</b>	:	Asia Water Technology Ltd.
<b>"CDP"</b>	:	The Central Depository (Pte) Limited
<b>"Companies Act"</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>"Company"</b>	:	United Envirotech Ltd.
<b>"Directors"</b>	:	The board of directors of the Company as at the date of this Offer Information Statement
<b>"EPS"</b>	:	Earnings per Share
<b>"Executive Directors"</b>	:	The executive directors of the Company as at the date of this Offer Information Statement
<b>"FY"</b>	:	Financial year ended or ending 31 March (as the case may be)
<b>"Group"</b>	:	The Company and its Subsidiaries
<b>"Latest Practicable Date"</b>	:	30 September 2009, being the latest practicable date prior to the lodgement of this Offer Information Statement
<b>"Lender"</b>	:	Dr Lin Yucheng, a Director and Substantial Shareholder
<b>"Listing Manual"</b>	:	The listing manual of the SGX-ST, as amended or modified from time to time
<b>"Loan Securities"</b>	:	Up to 40,000,000 existing issued Shares held by the Lender to be borrowed from the Lender by the Placement Agent under the Securities Lending Agreement to facilitate the delivery of the Placement Shares to Subscribers pursuant to the Placement
<b>"Offer Information Statement"</b>	:	This offer information statement issued by the Company in connection with the Placement, which complies as to form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and lodged with the Monetary Authority of Singapore pursuant to Section 277 of the Securities and Futures Act (including, where the context admits,

	:	any supplementary or replacement document which may be issued by the Company in connection with the Placement)
<b><u>"Placement"</u></b>	:	The proposed placement of the Placement Shares by the Placement Agent on a best efforts basis at the Placement Price pursuant to the Placement Agreement
<b><u>"Placement Agent"</u></b>	:	CIMB-GK Securities Pte. Ltd.
<b><u>"Placement Agreement"</u></b>	:	The placement agreement dated 5 October 2009 entered into between the Company and the Placement Agent in relation to the Placement
<b><u>"Placement Price"</u></b>	:	S\$0.4275 per Placement Share
<b><u>"Placement Shares"</u></b>	:	Up to 40,000,000 new Shares to be offered by the Company pursuant to the Placement
<b><u>"PRC"</u></b>	:	The People's Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purposes of this Offer Information Statement
<b><u>"Sale Proceeds"</u></b>	:	The aggregate Placement Price for all the Placement Shares
<b><u>"Securities Account"</u></b>	:	Securities account maintained by a Depositor with CDP
<b><u>"Securities and Futures Act"</u></b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b><u>"Securities Lending Agreement"</u></b>	:	The securities lending agreement dated 5 October 2009 entered into between the Placement Agent and the Lender in relation to the Share Loan
<b><u>"SGX-ST"</u></b>	:	Singapore Exchange Securities Trading Limited
<b><u>"Share Loan"</u></b>	:	The loan of the Loan Securities by the Lender to facilitate the delivery of Placement Shares to Subscribers pursuant to the Placement
<b><u>"Shares"</u></b>	:	Ordinary shares in the share capital of the Company
<b><u>"Subscribers"</u></b>	:	The subscribers of the Placement Shares to be procured by the Placement Agent pursuant to the Placement Agreement
<b><u>"Subsidiary"</u></b>	:	The meaning ascribed to it in Section 5 of the Companies Act
<b><u>"Substantial Shareholder"</u></b>	:	A person who holds directly and/or indirectly 5.0% or more of the total issued share capital of the Company
<b><u>"Tongji"</u></b>	:	Tongji Environmental (Asia) Pte. Ltd.

**"Tongji Convertible Bonds"** : The 3.0% convertible bonds of principal amount of S\$4.7 million convertible into an aggregate of 29,375,000 new Shares at a conversion price of S\$0.16 for each new Share, to be issued by the Company in consideration for the proposed acquisition of the entire equity interest in a wholly-owned subsidiary of Tongji as announced by the Company on 11 June 2009

#### **Currencies, Units and Others**

**"HK\$"** : The official currency of Hong Kong

**"RM"** : Ringgit, the official currency of Malaysia

**"RMB"** : Renminbi, the official currency of the PRC

**"S\$" and "cents"** : Singapore dollars and cents respectively

**"US\$" and "US cents"** : United States dollars and cents respectively

**"%" or "per cent"** : Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations. Any reference to a time of day and to dates in this Offer Information Statement is made by reference to Singapore time and dates unless otherwise stated.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the Securities and Futures Act or the Listing Manual or such statutory modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any discrepancy in the figures included in this Offer Information Statement between the amounts listed and totals thereof is due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

## GLOSSARY OF TECHNICAL TERMS

*This glossary contains an explanation of certain terms used in this Offer Information Statement in connection with the business of the Group. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.*

- "BOO"** : Build-Operate-Own. A form of project wherein a party or consortium agrees to finance, construct, operate, and maintain a facility
- "BOT"** : Build-Operate-Transfer. A form of project wherein a party or a consortium agrees to finance, construct, operate, maintain a facility for a specified period and to transfer the facility to the owner thereafter
- "MBR"** : Membrane Bioreactor. A biological wastewater treatment technology which combines membrane separation with biological wastewater treatment
- "TOT"** : Transfer-Operate-Transfer. A form of project wherein a party purchases from the municipal government the right to operate the completed water or wastewater treatment plant for a fixed period of time and collects monthly fees from the municipal government based on the amount of wastewater treated by that plant. The party will then transfer the plant back to the municipal government upon the expiry of the specified operating term
- "wastewater treatment"** : Use of physical, chemical and biological processes to remove pollutants from wastewater before discharging it



**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES  
(OFFERS OF INVESTMENTS)  
(SHARES AND DEBENTURES) REGULATIONS 2005**

**PART II: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS**

**Directors**

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- 1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.**

<b>Name</b>	<b>Position</b>	<b>Address</b>
Dr Lin Yucheng	Chairman and Chief Executive Officer	7 Ontario Avenue # 03-02 The Windsor Singapore 576196
Wang Ning	Executive Director and Chief Operating Officer	18E2 Everbright Building 689 Tian He Bei Road Guangzhou 510635, PRC
Andy Lim	Non-executive Director	7 Margoliouth Road Singapore 258534
Yeung Koon Sang alias David Yeung	Independent Director	17 Jalan Seruling Faber Garden Singapore 576850
Dr Chong Weng Chiew	Independent Director	22 Jalan Lekub Seletar Hills Estate Singapore 808743
Tay Beng Chuan	Independent Director	4 Goodman Road Singapore 438970
Yeo Guat Kwang	Independent Director	Block 715 Hougang Avenue 2 #10-349 Hougang N7 (HUDC) Singapore 530715

**Advisers**

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- 2. Provide the names and addresses of —**  
**(a) the issue manager to the offer, if any;**  
**(b) the underwriter to the offer, if any; and**  
**(c) the legal adviser for or in relation to the offer, if any.**
- 

(a) Issue Manager      Not applicable.

(b) Underwriter      Not applicable.

- (c) Legal adviser to the Placement      WongPartnership LLP  
One George Street #20-01  
Singapore 049145
- (d) Placement Agent      CIMB-GK Securities Pte. Ltd.  
50 Raffles Place  
#19-00 Singapore Land Tower  
Singapore 048623

### Registrars and Agents

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- 3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.**
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- Share Registrar      Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte. Ltd.)  
8 Cross Street  
#11 -00 PWC Building  
Singapore 048424
- Receiving Banker      Not applicable.

### PART III: OFFER STATISTICS AND TIMETABLE

#### Offer Statistics

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- 1. For each method of offer, state the number of the securities being offered.**
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- Placement      Up to 40,000,000 Placement Shares, representing approximately 10.1% of the issued and paid-up share capital of the Company of 397,596,000 Shares as at the date of lodgement of this Offer Information Statement.
- Status of Placement Shares      The Placement Shares, will be issued by the Company free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.

## Method and Timetable

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2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to
- (a) the offer procedure; and
  - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.
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Please see paragraphs 3 to 7 below.

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3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgement of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.
- 

Pursuant to the Placement Agreement, the Placement Agent has agreed to use its best efforts to procure subscriptions and payment for up to 40,000,000 Placement Shares at the Placement Price for each Placement Share.

Completion of the Placement is conditional upon, *inter alia*:-

- (a) the exemption under Section 277 of the Securities and Futures Act being applicable to the placement of the Placement Shares with this Offer Information Statement being lodged with and accepted by the MAS;
- (b) in-principle approval being obtained from the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST and such approval not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being acceptable to the Placement Agent and, to the extent that any conditions for such approval are required to be fulfilled on or before completion date, they are so fulfilled;
- (c) the Securities Lending Agreement being duly executed by the parties and being in full force and effect and not having been breached and the Share Loan not having been terminated;
- (d) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority (including the SGX-ST, the Authority and the Securities Industry Council) which is applicable to the Company or the Placement Agent;

- (e) on the completion date, the representations and warranties of the Company herein being true, accurate and correct in all material respects as if made on the completion date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations hereunder to be performed on or before the completion date; and
- (f) the Company having the full authority for the allotment and issuance of the Placement Shares and such authority not having been revoked, cancelled, terminated or varied by the completion date.

Pursuant to the Placement Agreement, the Company has undertaken, *inter alia*, that it shall not, without the prior written consent of the Placement Agent (such consent not to be unreasonably withheld), issue at any time on or before the expiry of 180 days after the completion date, any marketable securities of the Company (in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities), declare or distribute any scrip dividend or vary, alter, subdivide or otherwise do anything to its capital structure (issued or otherwise), save for the issuance of the Tongji Convertible Bonds (if the proposed acquisition of the entire equity interest in a wholly-owned subsidiary of Tongji is proceeded with).

Completion of the Placement is to take place on the date falling three (3) business days after the date on which the last in time of the conditions to the completion of the Placement is satisfied (or such other date as the Company and the Placement Agent may agree in writing) but in any event being a date not later than 30 days after the date of the Placement Agreement. In the event that any of the conditions to the completion of the Placement is not satisfied within 30 days after the date of the Placement Agreement or such other date as the Company and the Placement Agent may agree in writing, the Placement Agreement will terminate and neither party shall have any claim against the other.

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**4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**

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Completion of the Placement is to take place on the date falling three (3) business days after the date on which the last in time of the conditions to the completion of the Placement is satisfied (or such other date as the Company and the Placement Agent may agree in writing) but in any event being a date not later than 30 days after the date of the Placement Agreement.

On completion of the Placement, the Placement Agent is required to pay and/or procure payment to the Company the aggregate Placement Price of the Placement Shares subscribed for, less the commission payable to the Placement Agent and any tax thereon (including any tax thereon) and any other costs and expenses (including the goods and services tax) reasonably incurred by the Placement Agent in connection with the Placement and any tax thereon, by bank transfer to such account of the Company with such bank in Singapore as the Company may designate or by cashier's order or bank draft issued by a licensed bank in Singapore made out in favour of the Company.

In the event that any of the conditions to the completion of the Placement is not satisfied within 30 days after the date of the Placement Agreement or such other date as the Company and the Placement Agent may agree in writing, the Placement Agreement will be terminated and neither party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise.

The Placement Shares will be fully paid-up. Accordingly, partial payment is not relevant in the context of the Placement.

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**5. State, where applicable, the methods of and time limits for**

- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
  - (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**
- 

Under the terms of the Placement Agreement, upon the payment by the Placement Agent of the net proceeds of the Placement in the manner described in paragraph 4 of this Part above, the Company shall allot the Placement Shares to the scrip allottee(s) and/or CDP for the account of the subscribers and/or the Lender and/or their respective nominees as notified by the Placement Agent and deliver the share certificates in respect of the Placement Shares registered in the name of the scrip allottee(s) and/or CDP.

To facilitate the Placement, the Placement Agent has entered into the Securities Lending Agreement with the Lender. Pursuant to the Securities Lending Agreement, the Lender has agreed to lend to the Placement Agent up to an aggregate of 40,000,000 Shares (equivalent to an aggregate of approximately 10.1% of the existing issued and paid-up share capital of the Company prior to the issue of the Placement Shares) to facilitate the Placement. The Lender will not derive any financial benefit, whether directly or indirectly, from the securities lending arrangement.

Upon notification by the Placement Agent, the Lender shall deliver to the Placement Agent the Loan Securities by either (a) causing the Loan Securities to be credited to such Securities Account(s) as the Placement Agent may determine, and debited from each of the Lender's Securities Account, or (b) any other method of delivery as may be agreed upon in writing by the parties.

Under the terms of the Securities Lending Agreement, in the event the Securities Lending Agreement is terminated, the Placement Agent shall be required to return within five (5) business days such number of Shares equivalent to the number of Loan Securities to the Lender and such obligation may, at the election of the Placement Agent, be fully and absolutely discharged by the payment, by the Placement Agent to the Lender, of an amount in cash equal to the Placement Price for each Share offered under the Placement multiplied by the Loan Securities lent by the Lender less such commission and fees otherwise payable by the Company to the Placement Agent under the Placement Agreement.

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**6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**

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There are no pre-emptive rights to subscribe for the Placement Shares.

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7. **Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**
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The Placement Agent will procure Subscribers, on a best efforts basis, pursuant to the Placement Agreement. The Company will announce the completion of the Placement (including the number of Placement Shares for which the Placement Agent has procured subscription for) on the SGXNET.

No excess amounts are expected to be received in respect of the Placement Shares.

#### **PART IV: KEY INFORMATION**

##### **Use of Proceeds from Offer and Expenses Incurred**

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1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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Please see paragraphs 2 to 7 below.

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2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
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The estimated net proceeds of the Placement to be received by the Company, after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures Subscribers for all the Placement Shares at the Placement Price, are expected to be up to approximately S\$16.5 million (the "**Net Proceeds**").

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3. **Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount, which in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**

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The Placement will allow the Company to raise estimated Net Proceeds of up to approximately S\$16.5 million (after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures Subscribers for all the Placement Shares).

The Company intends to utilise the Net Proceeds for investment in BOO, BOT and TOT projects.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and financial institutions or invested in short term money markets or debt instruments or for any other purpose on a short-term basis as the Directors may in their absolute discretion deem fit from time to time.

Pursuant to the Placement Agreement, the Placement Agent has agreed to procure Subscribers for the Placement Shares on a best efforts basis. Accordingly, the Placement is not underwritten on a firm commitment basis.

There is no minimum amount which, in the reasonable opinion of the Directors, must be raised in the Placement.

- 
- 4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**

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The proportion of the Net Proceeds that will be allocated to the principal intended use as set out in Section 3 of this Part IV (Key Information) above, and the estimated amount that will be used to pay for expenses incurred in connection with the Placement (assuming that the Placement Agent procures subscribers for all the 40,000,000 Placement Shares) is set out below:

<b>Intended uses</b>	<b>Approximate amount (S\$' million)</b>	<b>Estimated amount allocated for each S\$</b>
Investment in BOO, BOT and TOT projects	16.5	0.965
Estimated expenses	0.6	0.035
<b>Total</b>	<b>17.1</b>	<b>1.000</b>

- 
- 5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**
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Not applicable.

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6. **If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**
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Not applicable.

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7. **If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**
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Not applicable.

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8. **In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**
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The commission payable by the Company to the Placement Agent in relation to the Placement is 3.0% (and Goods and Services Tax thereon) of the Sale Proceeds.

#### **Information on the Relevant Entity**

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- 9a. **The address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);**
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##### **Registered office and principal place of business**

Registered Office : 8 Cross Street  
#11 -00 PWC Building  
Singapore 048424

Principal Place of Business : 10 Science Park Road  
#01-01 The Alpha  
Singapore 117684

Tel : (65) 6774 7298

Fax : (65) 6774 8920



**9b. The nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;**

The Company was incorporated in Singapore on 9 July 2003 under the Companies Act as a private limited company. The Company was converted into a public limited company and was listed on the Main Board of the SGX-ST on 22 April 2004.

The Group is a membrane-based water and wastewater treatment and reclamation solutions provider in the PRC's chemical, petrochemical and industrial park sectors. Its membrane systems have also been used in pharmaceutical, food and beverage and textile and dyestuff industries. The Group provides engineering services which involve the design, fabrication, installation and commissioning of membrane-based water and wastewater treatment systems using MBR and continuous membrane filtration processes in microfiltration, ultrafiltration and reverse osmosis. It also undertakes turnkey projects in the capacity of engineering, procurement and construction contractor or as a membrane system specialist. As at the Latest Practicable Date, the Group has invested in one (1) BOO project and three (3) TOT projects. These projects are typically municipal plants backed by off-take agreements from the PRC government.

As at the Latest Practicable Date, the Company has the following Subsidiaries, joint venture and Associated Company:

<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Effective Equity Held (%)</b>	<b>Principal Activities</b>
<u>Held by the Company</u>			
Novo Envirotech (Tianjin) Co. Ltd	PRC	100	Environmental engineering
Novo Envirotech (Guangzhou) Co. Ltd	PRC	100	Environmental engineering
United Envirotech Water Treatment (Liaoyang) Co. Ltd	PRC	100	Operation of water treatment plant
United Envirotech Water Treatment (Xintai) Co. Ltd	PRC	100	Operation of water treatment plant
UE Novo (Malaysia) Sdn. Bhd.	Malaysia	100	Investment holding company
<u>Held by Subsidiaries</u>			
Dataran Tenaga (M) Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	Trading of pumps and engineering services
Universal Projects Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	Environmental engineering

**Note:**

(1) Held by UE Novo (Malaysia) Sdn. Bhd.

Name of Joint Venture	Country of Incorporation	Effective Equity Held (%)	Principal Activities
United Envirotech Water Treatment (Dafeng) Co Ltd	PRC	50	Management of waste water treatment plant

Name of Associated Company	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Guangzhou Linhai Envirotech Co., Ltd	PRC	40	Management of waste water treatment plant

- 9c. The general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since
- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or
  - (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;

**General development of the business of the Group over the three most recent completed financial years**

*From 1 January 2006 to 31 March 2007*

On 10 February 2006, the Company announced that its wholly-owned subsidiary, NOVO Envirotech (Guangzhou) Co. Ltd ("**NOVO Guangzhou**"), had secured a contract in the Nansha Economic & Technological Development Zone worth a total of RMB70 million (or equivalent to approximately S\$14 million) to treat industrial wastewater using its MBR technology.

On 1 March 2006, the Company announced that it had changed its principal place of business from 10 Science Park Road, #03-01 The Alpha, Singapore 117684 to 10 Science Park Road, #01-01 The Alpha, Singapore 117684.

On 1 June 2006, the Company announced that it and UE Novo (Malaysia) Sdn. Bhd. ("**NOVO Malaysia**") had entered into a conditional sale and purchase agreement for the acquisition by NOVO Malaysia of the entire issued and paid-up share capital of Dataran Tenaga (M) Sdn. Bhd. ("**Dataran Tenaga**") for a consideration of RM5.0 million, to be satisfied by the allotment and issuance by the Company of 5,365,000 new Shares. The principal activities of Dataran Tenaga include the rendering of engineering services for the water and wastewater treatment and the trading of pumps used for water treatment.

On 2 August 2006, the Company announced that it had entered into a joint venture agreement with Guangzhou Ling Hai Sui Wu Co., Ltd ("**LHSW**"), a wholly-owned subsidiary of Guangzhou Nansha Asset Management Company, which itself was then a fully-owned company of the Guangzhou municipal government, to form a joint venture company, Guangzhou Linhai Envirotech Co., Ltd, to manage the industrial wastewater in the Nansha Development Zone. Under the terms of the joint venture agreement, the total paid up capital

of Guangzhou Linhai Envirotech Co., Ltd would be US\$3.5 million, with the Company investing US\$1.4 million or 40% equity and LHSW investing in the remaining 60%.

On 27 September 2006, the acquisition of Dataran Tenaga by the Company and NOVO Malaysia was completed. Pursuant to the acquisition, 5,365,000 new Shares were allotted and issued to the vendors, Chua Kuang Chin, Law Chuan Faat, and Lim Puea Keng, as the full consideration for the acquisition of RM5 million, based on the subscription price of S\$0.407 per new Share.

On 10 October 2006, the Company announced that its financial year-end would be changed from 31 December to 31 March of each year.

On 22 January 2007, the Company announced that it had entered into a placement agreement with World Water Pte Ltd ("**World Water**") on 20 January 2007 pursuant to which World Water had agreed to subscribe for 42,230,000 new Shares at the placement price of S\$0.2668 per new Share and a further 7,420,000 additional new Shares at the same price subject to the SGX-ST's clearance that this would not constitute a transfer of controlling interest under Rule 803 of the Listing Manual. The estimated net proceeds of approximately S\$13,096,620 from the placement of the new Shares and the additional new Shares would be used for BOO projects for centralised wastewater treatment plants in various industrial parks, BOT projects and general corporate working capital requirements.

On 31 January 2007, the Company announced that its wholly-owned subsidiary, NOVO Guangzhou had secured an engineering procurement and construction contract worth RMB130 million from China National Offshore Oil Corporation ("**CNOOC**"), to treat wastewater from the first refinery investment in Huizhou Daya Bay, a petrochemical industrial base, undertaken by CNOOC, China's largest offshore oil producer. This was then the largest engineering procurement and construction contract awarded to the Company for its MBR technology. The Company had also signed a memorandum of intent with CNOOC to provide operation and maintenance service to the MBR plant upon its completion.

On 8 February 2007, the placement of an aggregate of 49,650,000 new Shares to World Water at the placement price of S\$0.2668 per new Share pursuant to the placement agreement entered into with World Water on 20 January 2007 was completed.

On 14 February 2007, the Company announced that NOVO Guangzhou had secured an engineering contract worth RMB40 million from China Petrochemical Corporation ("**Sinopec**")'s Luoyang Branch. The 18,000 m<sup>3</sup>/day MBR plant would be treating industrial wastewater from Sinopec's Luoyang Branch's oil refinery plant. This was then the second MBR project awarded to the Company from the same branch after the successful completion of a 4,800 m<sup>3</sup>/day MBR system treating wastewater in 2004 and under this contract, the Company would upgrade the client's existing wastewater treatment facility by converting it into an MBR system.

#### From 1 April 2007 to 31 March 2008

On 30 May 2007, the Company) announced that its wholly-owned subsidiaries, NOVO Guangzhou and Novo Envirotech (Tianjin) Co., Ltd, had secured two engineering contracts worth a total of RMB40 million, to supply water treatment systems using its advanced MBR technology to treat and recycle refinery wastewater, from China National Petroleum Corporation (CNPC)'s Harbin Branch and Sinopec's Jinling Branch, both of whom are repeat customers of the Company.

On 30 July 2007, the Company announced that its wholly-owned subsidiary, United Envirotech Water Treatment (Xintai) Co. Ltd, had secured a BOT contract to upgrade an

existing wastewater treatment plant for approximately RMB13.0 million (or equivalent to approximately S\$2.6 million). The Company had acquired the wastewater treatment plant in Xintai City, Shandong Province, PRC, under a TOT agreement with the local government. The aforementioned upgrading was pursuant to a request by the local government.

On 21 January 2008, the Company announced that it was awarded a RMB60.0 million BOT contract to build a 50,000 m<sup>3</sup>/day membrane based wastewater treatment and recycling facility from Mianyang Municipal Government in Sichuan Province, PRC. This project had a concessionary period of 30 years and would be undertaken by a project company of which the Company would own 60.0%. Mianyang City is one of the three cities in the PRC specially selected by the PRC central government to serve as a model to demonstrate self-sustained water use through effective water reuse. The facility would use the Group's MBR technology for treatment of municipal wastewater, and the facility was then the first of its kind in the PRC, hence marking the first major step into the municipal wastewater reclamation market for the Company.

On 23 January 2008, the Company announced that it had secured projects totalling S\$10.0 million from the Sinopec group as well as Semcorp Industries Ltd (SUT division) to treat industrial wastewater.

On 30 January 2008, the Company announced that its wholly-owned subsidiary, NOVO Guangzhou, had secured a RMB100.0 million engineering contract to modify, upgrade and expand on the existing wastewater treatment plant at Taixing Chemical Industrial Park located at Taixing City, Jiangsu Province, PRC, which would be completed in two phases.

From 1 April 2008 to 31 March 2009

On 27 May 2008, the Company announced that it had on 26 May 2008, entered into subscription agreements with each of Novena Holdings Limited ("**Novena**") and Oei Hong Leong Foundation (Pte) Ltd ("**OHLF**") pursuant to which Novena and OHLF would subscribe for an aggregate of 66,266,000 new Shares, representing approximately 4.18% of the enlarged share capital of the Company at a subscription price of S\$0.21 for each new Share. The net proceeds arising therefrom which amounted to approximately S\$13.9 million would be used for the investment in BOT, TOT and BOO projects.

On 17 June 2008, the subscription of new Shares by Novena and OHLF was completed.

On 16 December 2008, the Company announced that it had been awarded a RMB72.0 million contract to modify, build and operate a 15,000 m<sup>3</sup>/day membrane based industrial wastewater treatment facility in Dafeng City, Jiangsu Province, PRC. This project had a concessionary period of 30 years and it would be undertaken by a project company, of which the Company would own 50.0%.

From 1 April 2009 to 30 June 2009

On 23 April 2009, the Company announced that NOVO Guangzhou was awarded an operation and maintenance contract from CNOOC to operate the wastewater treatment plant at its Huizhou refinery plant. Pursuant to the contract, NOVO Guangzhou would operate the wastewater treatment plant for an initial period of five years and the total estimated contract value was approximately RMB150.0 million.

On 11 June 2009, the Company entered into a sale and purchase agreement with Tongji, pursuant to which the Company would acquire the entire equity interest in a wholly-owned subsidiary of Tongji (which had a wastewater treatment plant in Liaoning Province, the PRC) for an aggregate consideration of S\$4.7 million (the "**Tongji Acquisition**"), to be satisfied by

way of the issuance by the Company of the Tongji Convertible Bonds. As at the Latest Practicable Date, the Tongji Acquisition has not been completed.

On 25 June 2009, the Company announced that it had signed an agreement with Sembcorp Industries Ltd and Memstar Technology Ltd to co-develop and test-bed a new environmental friendly wastewater treatment and water reclamation system, pursuant to which the Company's role would be in process design and equipment fabrication.

From 1 July 2009 to the Latest Practicable Date

On 24 September 2009, the Company clarified, in response to an article reported in the 21 September 2009 edition of *The Edge*, that one of its subsidiaries was participating in the tender for the biggest municipal wastewater treatment project using MBR in the PRC, with an estimated contract size of approximately S\$50.0 million.

On 25 September 2009, the Company announced that it had on 24 September 2009, entered into a subscription agreement with AWT pursuant to which, among others, the Company would subscribe for 35,000,000 new ordinary shares in the capital of AWT at a subscription price of S\$0.18 per share in AWT and for a total consideration of S\$6.3 million (the "**AWT Acquisition**"). The completion date for the subscription for shares in AWT is 8 October 2009, unless otherwise agreed between the parties.

On 28 September 2009, the Company announced that it had secured a contract to build and operate a drinking water supply and wastewater treatment plant under BOT contract in Liaoyang City, Liaoning Province, PRC. The concession period covered under the BOT was 30 years and the project would be constructed in two phases using the Company's proprietary advanced membrane technologies. The total treatment capacity was 200,000 m<sup>3</sup>/day, comprising a 100,000 m<sup>3</sup>/day drinking water supply plant and a 100,000 m<sup>3</sup>/day wastewater treatment plant. The total investment of the project was estimated to be RMB245 million, which includes all equipment of the two plants complete with installation and commissioning, civil construction and the piping network.

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**9d. The equity capital and the loan capital of the relevant entity as at the latest practicable date, showing**

- (i) in the case of the equity capital, the issued capital; or**
- (ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**

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As at the Latest Practicable Date, the equity capital of the Company is S\$56.0 million and the total number of issued Shares of the Company is 397,596,000. As at the Latest Practicable Date, the Company does not have any treasury shares.

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**9e. Where**

- (i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**

- (ii) **the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**

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Based on information in the Register of Substantial Shareholders maintained by the Company under Section 88 of the Companies Act, as at the Latest Practicable Date, the Substantial Shareholders of the Company and the number of Shares in which they have an interest were as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
Dr Lin Yucheng	71,761,000	18.05	-	-
Goh Ching Wah	70,695,000	17.78	-	-
Novena Holdings Limited	38,421,367	9.67	15,000,000	3.77
Andy Lim <sup>(1)</sup>	-	-	53,421,367	13.44

**Note:**

- (1) As at the Latest Practicable Date, Andy Lim holds more than 20% of the total share capital of Novena Holdings Limited and accordingly is deemed interested in the Shares held by Novena Holdings Limited pursuant to Section 7 of the Companies Act.

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- 9f. Any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

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As at the date of this Offer Information Statement, the Directors are not aware of any litigation or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Directors, may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

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- 9g. Where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date —**
- (i) **if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**
- (ii) **if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests;**
-

No securities or equity interests of the Company have been issued within the 12 months immediately preceding the Latest Practicable Date.

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- 9h. **A summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgement of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**
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Neither the Company nor its Subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the date of lodgement of this Offer Information Statement save for the following:

1. On 26 May 2008, the Company entered into a subscription agreement with Novena and OHLF, pursuant to which 49,666,367 Shares (representing approximately 12.49% of the then enlarged issued share capital of the Company) were allotted and issued to Novena and 16,599,633 Shares (representing approximately 4.18% of the then enlarged issued share capital of the Company) were allotted and issued to OHLF, at a price of S\$0.21 per new Share. The net proceeds arising therefrom were intended for investment in BOT, TOT and BOO projects.
2. On 11 June 2009, the Company entered into a sale and purchase agreement with Tongji, pursuant to which the Company would acquire the entire equity interest in a wholly-owned subsidiary of Tongji for an aggregate consideration of S\$4.7 million to be satisfied by way of the issuance by the Company of the Tongji Convertible Bonds. As at the Latest Practicable Date, the Tongji Acquisition has not been completed.
3. On 24 September 2009, the Company entered into a subscription agreement with AWT pursuant to which, among others, the Company would subscribe for 35,000,000 new ordinary shares in the capital of AWT at a subscription price of S\$0.18 per share in AWT for a total consideration of S\$6.3 million. The completion date for the AWT Acquisition is 8 October 2009, unless otherwise agreed between the parties. The AWT Acquisition is subject to *inter alia* the fulfilment of conditions precedent in the subscription agreement, and as at the Latest Practicable Date, there is no assurance that the AWT Acquisition will be successfully completed.

## **PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

***For FY2009, the Group adopted the Interpretations of Singapore Financial Reporting Standards ("INT FRS") 112 for its water treatment plants. INT FRS 112, applicable to financial period beginning on or after 1 January 2008, addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads (i.e. "public-to-private" arrangements, which are also known by a variety of other titles, including "service concession", "build-operate-transfer", or "rehabilitate-operator-transfer" arrangements). Shareholders and investors should refer to Note 2 and Note 35 of the Company's annual report for FY2009 for a detailed explanation. The figures in respect of FY2007 (as prepared by the management of the Company) and FY2008 (as extracted from the Company's annual report for FY2009) presented in this Offer Information Statement have been***

*restated for the aforementioned adoption of INT FRS 112 so as to be comparable with those in respect of FY2009. Shareholders and investors should read the selected financial information in this Offering Information Statement and the relevant commentaries in conjunction with the full text of the annual reports for the respective financial years.*

## Operating Results

1. Provide selected data from
  - (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.
2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
  - (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
  - (b) earnings or loss per share; and
  - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

The audited consolidated profit and loss statements of the Group for FY2007, FY2008 and FY2009 and the unaudited consolidated profit and loss statements of the Group for 1Q2009 and 1Q2010 are set out below:

	FY2007 <sup>(1)</sup> (Restated) S\$'000	FY2008 (Restated) S\$'000	FY2009 (Audited) S\$'000	1Q2009 (Unaudited) S\$'000	1Q2010 (Unaudited) S\$'000
Revenue	29,161	51,209	42,857	14,322	8,845
Other income	191	1,969	745	508	44
Changes in inventories	(617)	278	(10)	63	(46)
Material purchased, consumables used and subcontractors' fees	(15,216)	(29,190)	(26,029)	(10,197)	(4,827)
Employee benefits expense	(4,819)	(4,186)	(4,879)	(1,065)	(1,091)
Depreciation and amortisation expenses	(1,177)	(887)	(952)	(213)	(236)
Other operating expenses	(6,934)	(7,579)	(6,102)	(1,745)	(1,185)



	FY2007 <sup>(1)</sup>	FY2008	FY2009	1Q2009	1Q2010
Finance costs	(617)	(1,408)	(903)	(194)	(157)
Share of (loss) / profit of associate	(53)	(224)	(358)	2	(39)
Share of profit of joint venture	-	-	-	-	15
<b>(Loss) / Profit before income tax</b>	<b>(81)</b>	<b>9,982</b>	<b>4,369</b>	<b>1,481</b>	<b>1,323</b>
Income tax expense	(289)	(1,527)	(706)	(116)	(225)
<b>(Loss) / Profit for the year / period</b>	<b>(370)</b>	<b>8,455</b>	<b>3,663</b>	<b>1,365</b>	<b>1,098</b>
Attributable to:					
Equity holders of the Company	(390)	8,455	3,663	1,365	1,098
Minority interest	20	-	-	-	-
	<b>(370)</b>	<b>8,455</b>	<b>3,663</b>	<b>1,365</b>	<b>1,098</b>
Weighted average number of Shares ('000)	284,062	331,330	383,253	340,797	397,596
EPS (cents)	(0.14)	2.55	0.96	0.40	0.28
Weighted average number of Shares as adjusted for the Placement ('000)	324,062	371,330	423,253	380,797	437,596
EPS as adjusted for the Placement <sup>(2)</sup> (cents)	(0.12)	2.28	0.87	0.36	0.25
Gross dividend per Share (cents)	0.20	0.30	-	-	-

Source: Annual report of the Company for FY2008 and FY2009 and the unaudited consolidated financial statements for 1Q2010 as announced by the Company on SGXNET on 12 August 2009 and computations by the Company's management for restatement of figures for FY2007.

**Notes:**

- (1) There was a change in the Company's financial year-end from 31 December to 31 March and accordingly, the comparative period for FY2007 is for the 15-month period commencing from 1 January 2006 to 31 March 2007. Certain figures of FY2007 have been restated by the Company's management to reflect the adoption of INT FRS 112. The effect of adoption of INT FRS 112 decreases the depreciation and amortisation expenses in FY2007 by approximately S\$1.8 million. The Group's audited loss before income tax and loss attributable to equity holders of the Company in FY2007 before the above restatement was approximately S\$1.9 million and S\$2.2 million, respectively.
- (2) The EPS as adjusted for the Placement was computed based on the weighted average number of Shares in issue during FY2007, FY2008, FY2009, 1Q2009 and 1Q2010 and (i) assuming that all the 40,000,000 Placement Shares had been subscribed for; (ii) assuming that the Placement was completed and the Placement Shares were issued at the beginning of each of the respective financial years / periods; (iii) assuming there is no earnings contribution from the proceeds from the Placement; and (iv) on the basis that no adjustment has been made for any change in the weighted average number of Shares in issue during FY2007, FY2008, FY2009, 1Q2009 and 1Q2010.

**3. In respect of**

- (a) **each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and**
- (b) **any subsequent period for which interim financial statements have been published,**

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

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*There was a change in the Company's financial year-end from 31 December to 31 March and accordingly, FY2007 is for a 15-month period commencing from 1 January 2006 to 31 March 2007. As such, the information in respect of FY2007 may not be directly comparable to FY2008.*

#### **Performance review for FY2008 compared to FY2007**

**Revenue.** The Group's revenue increased by approximately S\$22.0 million or 75.6% from approximately S\$29.2 million in FY2007 to approximately S\$51.2 million in FY2008. The increase was mainly due to (i) an increase in revenue from environmental engineering projects by approximately S\$20.9 million as a result of the successful efforts in securing engineering contracts and the full year revenue contribution from the Group's subsidiary in Malaysia and (ii) an increase in revenue from wastewater treatment by approximately S\$1.1 million due to the contribution from the new wastewater treatment plant transferred to the Group in FY2008.

**Other income.** The Group's other income increased by approximately S\$1.8 million or more than 9 times from approximately S\$0.2 million in FY2007 to approximately S\$2.0 million in FY2008. The increase was mainly due to the unrealised foreign exchange gain of approximately S\$1.5 million in FY2008 as compared to a loss in FY2007 as a result of the revaluation of the Hong Kong Dollar denominated bank loans to the Group's Subsidiaries in the PRC and increase in interest income of approximately S\$0.2 million.

**Material purchased, consumables used and subcontractors' fees.** The Group's material purchased, consumables used and subcontractors' fees increased by approximately S\$14.0 million or 91.8% from approximately S\$15.2 million in FY2007 to approximately S\$29.2 million in FY2008. The increase was consistent with the increase in the Group's revenue, particularly from the increase in revenue from the Group's engineering business.

**Employee benefits expense.** The Group's employee benefits expense decreased by approximately S\$0.6 million or 13.1% from approximately S\$4.8 million in FY2007 to approximately S\$4.2 million in FY2008 as FY2007 comprised a financial period of 15 months while FY2008 comprised a financial period of 12 months.

**Depreciation and amortisation expenses.** The Group's depreciation and amortisation expenses decreased by approximately S\$0.3 million or 24.6% from approximately S\$1.2 million in FY2007 to approximately S\$0.9 million in FY2008 as FY2007 comprised a financial period of 15 months while FY2008 comprised a financial period of 12 months.

**Other operating expenses.** The Group's other operating expenses increased by approximately S\$0.6 million or 9.3% from approximately S\$6.9 million in FY2007 to approximately S\$7.6 million in FY2008 due to an increase in project-related expenses as a result of higher number of engineering projects.

**Finance costs.** The Group's finance costs increased by approximately S\$0.8 million or 128.2% from approximately S\$0.6 million in FY2007 to approximately S\$1.4 million in FY2008 due to the increase in interest expense from the drawn down of bank loans during FY2008 for the payment of the outstanding amount relating to the TOT wastewater treatment projects in Liaoyang City, Liaoning Province and Xintai City, Shandong Province.

**Share of loss of associate.** The Group's share of loss of associate increased by approximately S\$0.2 million or 322.6% from approximately S\$0.1 million in FY2007 to approximately S\$0.2 million in FY2008 as the Group's Associated Company was dormant during FY2008.

**Profit before income tax.** The Group's profit before income tax increased by approximately S\$10.1 million from a loss before income tax of approximately S\$0.1 million in FY2007 to a profit before income tax of approximately S\$10.0 million in FY2008.

**Income tax expense.** The Group's income tax expense increased by approximately S\$1.2 million or 428.4% from approximately S\$0.3 million in FY2007 to approximately S\$1.5 million in FY2008 due to the higher profit before income tax.

**(Loss) / Profit for the year.** The Group's profit for the year increased by approximately S\$8.8 million from a loss for the year of approximately S\$0.4 million in FY2007 to a profit for the year of approximately S\$8.5 million in FY2008.

### **Performance review for FY2009 compared to FY2008**

**Revenue.** The Group's revenue decreased by approximately S\$8.4 million or 16.3% from approximately S\$51.2 million in FY2008 to approximately S\$42.9 million in FY2009. The decrease was mainly due to (i) the decrease in revenue from environmental engineering projects of approximately S\$10.6 million due to fewer engineering projects secured during FY2009; and (ii) the decrease from sale of goods by approximately S\$0.2 million due to weaker sales by the Group's Subsidiary in Malaysia, which was offset by (i) the increase in income from wastewater treatment by approximately S\$1.8 million due to the increase in the quantity of water treated at the Group's wastewater treatment plants in FY2009 and (ii) the increase in finance income from long term receivables by approximately S\$0.7 million due to the increase in the minimum off-take under the concessionary agreement for one of the Group's TOT projects

**Other income.** The Group's other income decreased by approximately S\$1.2 million or 62.2% from approximately S\$2.0 million in FY2008 to approximately S\$0.7 million in FY2009. The decrease was mainly due to the decrease in unrealised foreign exchange gain by approximately S\$1.1 million due to the lower unrealised foreign exchange gain which arose from the revaluation of the Group's Subsidiaries' Hong Kong Dollar denominated bank loans in the PRC and the decrease in interest income of approximately S\$0.1 million.

**Material purchased, consumables used and subcontractors' fees.** The Group's material purchased, consumables used and subcontractors' fees decreased by approximately S\$3.2 million or approximately 10.8% from approximately S\$29.2 million in FY2008 to approximately S\$26.0 million in FY2009 in line with the decrease in the Group's engineering business.

**Employee benefits expense.** The Group's employee benefits expense increased by approximately S\$0.7 million or 16.6% from approximately S\$4.2 million in FY2008 to approximately S\$4.9 million in FY2009 due to an overall increase in staff costs in the PRC.

**Depreciation and amortisation expenses.** The Group's depreciation and amortisation expenses decreased by approximately S\$1.5 million or 19.5% from approximately S\$7.6 million in FY2008 to approximately S\$6.1 million in FY2009 due to the different exchange rates used for translating the profit and loss statements of the Group's Subsidiaries denominated in RMB.

**Other operating expenses.** The Group's other operating expenses decreased by approximately S\$1.5 million or 19.5% from approximately S\$7.6 million in FY2008 to approximately S\$6.1 million in FY2009. The decrease was mainly due to various one-off fees incurred in FY2008 to obtain the financing for the two TOT wastewater treatment projects in Liaoyang City, Liaoning Province and Xintai City, Shandong Province which did not recur in

FY2009 and lower project-related expenses incurred due to a lower number of engineering projects.

**Finance costs.** The Group's finance costs decreased by approximately S\$0.5 million or 35.9% from approximately S\$1.4 million in FY2008 to approximately S\$0.9 million in FY2009 due to a decrease in the borrowing rate for the bank loans for the two TOT projects in Liaoyang and Xintai.

**Share of loss of associate.** The Group's share of loss of associate increased by approximately S\$0.1 million or 6.0% from approximately S\$0.2 million in FY2008 to approximately S\$0.3 million in FY2009 due to the higher interest expense incurred by the Group's Associated Company.

**(Loss) / Profit before income tax.** The Group's profit before income tax decreased by approximately S\$5.6 million or 56.2% from approximately S\$10.0 million in FY2008 to approximately S\$4.4 million in FY2009.

**Income tax expense.** The Group's income tax expense decreased by approximately S\$0.8 million or 53.8% from approximately S\$1.5 million in FY2008 to approximately S\$0.7 million in FY2009 due to the lower profit before income tax.

**Profit for the year.** The Group's profit for the year decreased by approximately S\$4.8 million or 56.7% from approximately S\$8.5 million in FY2008 to approximately S\$3.7 million in FY2009.

#### **Performance review for 1Q2009 compared to 1Q2010**

**Revenue.** The Group's revenue decreased by approximately S\$5.5 million or 38.2% from approximately S\$14.3 million in 1Q2009 to approximately S\$8.8 million in 1Q2010. The decrease was mainly due to the decrease in revenue from environmental engineering projects of approximately S\$5.8 million due to fewer projects secured during the period, which was offset by the increase in income from wastewater treatment by approximately S\$0.3 million due to the increase in quantity of water treated at the Group's wastewater treatment plants.

**Other income.** The Group's other income decreased by approximately S\$0.5 million or 91.3% from approximately S\$0.5 million in 1Q2009 to approximately S\$44,000 in 1Q2010. The decrease was mainly due to the decrease in unrealised foreign exchange gain by approximately S\$0.3 million due to the lower unrealised foreign exchange gain which arose from the revaluation of the Group's subsidiaries' Hong Kong Dollar denominated bank loans in the PRC.

**Material purchased, consumables used and subcontractors' fees.** The Group's material purchased, consumables used and subcontractors' fees decreased by approximately S\$5.4 million or approximately 52.7% from approximately S\$10.2 million in 1Q2009 to approximately S\$4.8 million in 1Q2010 in line with the decrease in the Group's engineering business.

**Employee benefits expense.** The Group's employee benefits expense remained unchanged at approximately S\$1.1 million in 1Q2010 compared to 1Q2009.

**Depreciation and amortisation expenses.** The Group's depreciation and amortisation expenses remained unchanged at approximately S\$0.2 million in 1Q2010 compared to 1Q2009.

**Other operating expenses.** The Group's other operating expenses decreased by approximately S\$0.6 million or 32.1% from approximately S\$1.7 million in 1Q2009 to approximately S\$1.2 million in 1Q2010 in line with the lower revenue from environmental engineering projects.

**Finance costs.** The Group's finance costs remained unchanged at approximately S\$0.2 million in 1Q2010 compared to 1Q2009.

**Share of (loss) / profit of associate.** The Group's share of loss of associate decreased by approximately S\$41,000 from a profit of approximately S\$2,000 in 1Q2009 to a loss of approximately S\$39,000 in 1Q2010 due to lower quantity of water treated at the wastewater treatment plant of the Group's Associated Company.

**Share of profit of joint venture.** The Group recorded a share of profit of joint venture of approximately S\$15,000 in 1Q2010 due to maiden contribution from the Group's joint venture, United Envirotech Water Treatment (Dafeng) Co., Ltd.

**Profit before income tax.** The Group's profit before income tax decreased by approximately S\$0.2 million or 10.7% from approximately S\$1.5 million in 1Q2009 approximately S\$1.3 million in 1Q2010.

**Income tax expense.** The Group's income tax expense increased by approximately S\$0.1 million or 94.0% from approximately S\$0.1 million in 1Q2009 to approximately S\$0.2 million in 1Q2010 due to the expiration of certain tax concessions enjoyed by the Group's Subsidiaries in the PRC.

**Profit for the period.** The Group's profit for the year decreased by approximately S\$0.3 million or 19.6% from approximately S\$1.4 million in 1Q2009 to approximately S\$1.1 million in 1Q2010.

## Financial Position

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4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of
    - (a) the most recent completed financial year for which audited financial statements have been published; or
    - (b) if interim financial statements have been published for any subsequent period, that period.
- 
5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:
    - (a) number of shares after any adjustment to reflect the sale of new securities;
    - (b) net assets or liabilities per share; and
    - (c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.
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The audited consolidated balance sheet of the Group as at 31 March 2009 and the unaudited consolidated balance sheet of the Group as at 30 June 2009 are set out below:

	As at 31 March 2009 (Audited) S\$'000	As at 30 June 2009 (Unaudited) S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	20,365	18,085
Trade receivables	23,470	25,212
Long term receivables	10	10
Other receivables and prepayment	3,405	2,197
Inventories	712	666
Total current assets	<b>47,962</b>	<b>46,170</b>
<b>Non-current assets</b>		
Long term receivables	58,801	56,151
Associate	1,595	1,556
Joint venture	7,688	7,703
Property, plant and equipment	1,946	1,787
Goodwill	1,547	1,529
Intangible assets	747	589
Deferred tax assets	708	676
Total non-current assets	<b>73,032</b>	<b>69,991</b>
<b>Total assets</b>	<b>120,994</b>	<b>116,161</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank loans	5,667	5,203
Trade payables	2,413	2,004
Other payables	6,222	5,722
Finance leases	84	82
Income tax payable	791	402
Total current liabilities	<b>15,177</b>	<b>13,413</b>
<b>Non-current liabilities</b>		
Bank loans	18,437	17,006
Deferred tax liabilities	1,066	1,132
Finance leases	206	180
Total non-current liabilities	<b>19,709</b>	<b>18,318</b>
<b>Total liabilities</b>	<b>34,886</b>	<b>31,731</b>
<b>Net assets</b>	<b>86,108</b>	<b>84,430</b>
<b>Capital and reserves</b>		
Share capital	56,045	56,045
General reserve	1,046	1,046
Currency translation reserves	4,280	1,504
Accumulated profits	24,737	25,835
<b>Total equity</b>	<b>86,108</b>	<b>84,430</b>
Number of Shares in issue	397,596,000	397,596,000
Net asset value per Share (cents) <sup>(1)</sup>	21.66	21.24
Number of Shares as adjusted for the Placement	437,596,000	437,596,000
Net asset value per Share as adjusted for the Placement (cents) <sup>(2)</sup>	23.46	23.08

Source: Annual report of the Company for FY2009 and the unaudited consolidated financial statements for 1Q2010 as announced by the Company on SGXNET on 12 August 2009.

**Notes:**

- (1) Net asset value per Share is computed based on the net asset value (excluding minority interests) divided by the number of Shares in issue as at end of the relevant financial year / period.
- (2) The net asset value per Share as adjusted for the Placement was computed based on the number of Shares in issue as at end of each of the respective financial year and assuming that (i) all the 40,000,000 Placement Shares had been subscribed for; and (ii) the Placement was completed and the Placement Shares were issued at the end of each of the respective financial year / period.

**Liquidity and Capital Resources**

6. **Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of**
- (a) **the most recent completed financial year for which financial statements have been published; and**
- (b) **if interim financial statements have been published for any subsequent period, that period.**

A summary of the audited consolidated cash flow statement of the Group for FY2009 and the unaudited consolidated cash flow statement of the Group for 1Q2010 are set out below:

	<b>FY2009</b> <b>(Audited)</b> <b>S\$'000</b>	<b>1Q2010</b> <b>(Unaudited)</b> <b>S\$'000</b>
Net cash generated from operating activities	4,034	108
Net cash used in investing activities	(18,703)	(3)
Net cash generated from / (used in) financing activities	14,866	(1,923)
Net increase / (decrease) in cash and cash equivalents	197	(1,818)
<b>Cash and cash equivalents at beginning of the financial year / period</b>	<b>18,809</b>	<b>20,365</b>
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,269	(462)
<b>Cash and cash equivalents at end of the financial year / period</b>	<b>20,275</b>	<b>18,085</b>

**FY2009**

The Group had net cash generated from operating activities of approximately S\$4.0 million in FY2009. This was due mainly to operating profit before working capital changes of

approximately S\$11.1 million and inflow from interest received of approximately S\$0.2 million, outflow of approximately S\$5.6 million from working capital changes and outflow of approximately S\$0.9 million and S\$0.8 million in interest paid and income tax paid respectively.

The outflow from working capital changes was the net result of an increase in trade receivables of approximately S\$3.6 million and a decrease in trade payables of approximately S\$5.7 million, offset by a decrease in inventories of approximately S\$3.5 million and an increase in other payables of approximately S\$0.1 million.

The Group had net cash used in investing activities of approximately S\$18.7 million in FY2009. This was due mainly to (i) purchase of property, plant and equipment of approximately S\$0.7 million; (ii) addition to long term receivables of approximately S\$10.2 million; (iii) purchase of intangible assets of approximately S\$0.2 million and (iv) acquisition of additional shares from minority shareholders of approximately S\$7.7 million, which was partially offset by proceeds from disposal of property, plant and equipment of approximately S\$0.1 million.

The Group had net cash generated from financing activities of approximately S\$14.9 million in FY2009. This was due mainly to (i) new bank loans raised of approximately S\$4.2 million; (ii) proceeds from issuance of Shares of approximately S\$13.9 million and (iii) pledged fixed deposits of approximately S\$1.0 million, offset by (i) dividends paid of approximately S\$1.2 million; (ii) repayment of obligations under finance leases of approximately S\$0.1 million and (iii) repayment of borrowings of approximately S\$3.0 million.

#### **1Q2010**

The Group had net cash generated from operating activities of approximately S\$0.1 million in 1Q2010. This was due mainly to operating profit before working capital changes of approximately S\$2.2 million, outflow of approximately S\$1.4 million from working capital changes and outflow of approximately S\$0.2 million and S\$0.5 million in interest paid and income tax paid respectively.

The outflow from working capital changes was the net result of an increase in trade receivables of approximately S\$1.7 million, a decrease in trade payables of approximately S\$0.4 million and a decrease in other payables of approximately S\$0.5 million, offset by a decrease in other receivables and prepayments of approximately S\$1.2 million and a decrease in inventories of approximately S\$0.1 million.

The Group had net cash used in investing activities of approximately S\$3,000 in 1Q2010. This was due mainly to the addition to long term receivables.

The Group had net cash used in financing activities of approximately S\$1.9 million in 1Q2010. This was due mainly to repayment of borrowings.

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- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgement of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**
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In the reasonable opinion of the Directors, barring unforeseen circumstances and after taking into consideration the Group's existing cash and cash equivalents, present banking facilities



and the Net Proceeds from the Placement, the Group has sufficient working capital as at the date of lodgement of this Offer Information Statement for its present working capital requirements.

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- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide**
- (a) a statement of that fact;**
  - (b) details of the credit arrangement or bank loan; and**
  - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**
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As at the Latest Practicable Date, to the best of the Directors' knowledge, the Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's financial position and results or business operations, or the investments by holders of securities in the Company.

#### **Trend Information and Profit Forecast or Profit Estimate**

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- 9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**
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#### **Business and financial prospects for the current financial year**

Despite the very real challenges faced by the Group's engineering business as a result of the current economic climate, the Group's wastewater treatment plant business is expected to continue to achieve steady growth. A growing emphasis on environmental responsibility and stricter rules on discharge limits continue to highlight the PRC as a key market for the Group's business of industrial wastewater treatment and recycling. This business also offers greater stability as a recurring revenue stream as the Company has signed long term contracts with relevant government authorities, making it less prone to fluctuations in the market. The Group believes that its advanced membrane technologies, particularly the MBR, have a competitive edge in industrial water and wastewater treatment of greater complexity, such as for petrochemical and chemical industries and industrial parks.

Barring any unforeseen circumstances, the Company expects demand for its advanced membrane technology in the treatment of wastewater to continue growing in line with increasing environmental awareness and regulations. The Group will continue to improve its treatment business by building and/or acquiring more treatment plants, operating its own treatment plants and providing operation and maintenance services to its customers.

In June 2009, the Company announced the Tongji Acquisition. In September 2009, the Company announced the AWT Acquisition. The Directors believe that such investments are beneficial to the Company and its Shareholders and are in line with the Company's long-term strategy of strengthening the Group's foothold in the BOT, BOO and TOT space in the PRC. In line with the Group's continual efforts to source for investments in the water treatment industry, if the opportunity arises, depending on prevailing circumstances and other relevant considerations at the appropriate time, the Company will consider increasing its shareholding interest in AWT in the future (if the AWT Acquisition is completed). The AWT Acquisition is subject to *inter alia* the fulfilment of conditions precedent in the subscription agreement, and as at the Latest Practicable Date, there is no assurance that the AWT Acquisition will be successfully completed.

In accordance with Rule 705 of the Listing Manual, the Company will announce its unaudited consolidated financial statements for the six-month period ended 30 September 2009 by mid-November 2009.

## **Risk Factors**

***Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding to invest in the Shares. The Group could be affected by a number of risks that may relate to the industries in which the Group operates as well as those that may generally arise from, inter alia, economics, business, market and political factors, including the risks set out herein. The risks described below (which may be known or anticipated by the general public but are nevertheless set out herein for information) are not intended to be exhaustive.***

***There may be additional risks not presently known to the Company, or that the Company may currently deem immaterial, which could affect the Group's net sales or revenues, profitability, liquidity, capital resources, profits, financial condition, results, business operations and/or prospects and/or any investment in the Shares. If any of the following considerations and uncertainties develops into actual events, the Group could be materially and adversely affected. In that event, the trading price of the Shares could decline and investors may lose all or part of their investment in the Shares.***

## **RISKS RELATING TO THE GROUP'S BUSINESS**

**The Group's customers are subject to environmental laws and regulations of the countries in which they operate and they may seek recourse from the Group should there be any violation**

The environmental laws and regulations of the countries in which the Group support its clients require its clients to meet certain standards and impose liability if these are not met. Though the Group may not be directly regulated by these environmental laws and regulations, there is no assurance that its customers will not seek recourse from the Group in the event of non-compliance with such laws and regulations, even if the Group's plants were commissioned and tested to be satisfactory at the point of hand-over to its customers. In addition, the liabilities and risks imposed on the Group's customers by environmental laws may adversely impact demand for some of the Group's products or services or impose greater liabilities and

risks on the Group, which could also have an adverse effect on its competitive and financial position.

### **The Group may require substantial financing for its BOO, BOT and TOT projects**

From time to time, the Group may invest in BOO, BOT and TOT projects which are capital intensive in nature. The Group typically has to finance the construction costs of the water and wastewater treatment plants and will receive payments only after completion of the entire construction phase. As at 31 March 2009, the Group had capital commitments of approximately S\$17.0 million for the upgrading of the TOT wastewater treatment project in Liaoyang City, Liaoning Province, the PRC. On 28 September 2009, the Company had announced that it had secured another contract to build and operate a drinking water supply and wastewater treatment plant under BOT contract in Liaoyang City, Liaoning Province, PRC, the total investment of which was estimated to be RMB245 million.

The Group's ability to grow its business and/or undertake more BOO, BOT and TOT projects and/or secure such projects of larger size and scale is limited by, *inter alia*, its financial resources, the size of its capital base as well as its ability to secure banking facilities or other financing. As the Group undertakes more projects in the future, its working capital requirements will increase, its operating cashflows may be tight or negative and the Group may take on higher debt (and subject itself to risks normally associated with debt financing) and bear higher interest burden.

There is no absolute assurance that the Group will not underestimate its capital requirements and other expenditures or overestimate its future cashflows. In the event that the Group is unable for any reason to raise additional capital, debt or other financing to meet its working capital requirements and/or finance its projects, its business, operating results, liquidity and financial position may be adversely affected.

### **The Group is subject to operational risks relating to BOO, BOT and TOT projects**

From time to time, the Group may invest in BOO, BOT and TOT projects. The Group faces (i) execution risks in terms of project management expertise, including mobilisation of sufficient resources to reach major project milestones, (ii) project completion risks associated with significant cost overruns that may not be recoverable and (iii) the long term risks associated with the operation of the projects. Should any of the operational risks pertaining to any of the Group's projects occur, the Group's financial performance and position may be adversely affected.

### **Non-renewal or withdrawal of permits, licences and certificates will have a material adverse effect on the Group's operations**

It is a pre-requisite for the Group to obtain certain permits, licences and certificates from various government authorities in order to carry on its business in the PRC. Certain of the Group's permits, licences and certificates are subject to periodic review and/or renewal by the relevant PRC government authorities and the standards of compliance required in relation thereto may from time to time be subject to changes.

Non-renewal or withdrawal of, or the rejection of new applications for, the Group's permits, licences and certificates will have a material adverse effect on its operations. There may be a possibility that the Group will not be able to carry on its business without such permits, licences and certificates being renewed or granted. In addition, it may be costly for the Group to comply with any subsequent modifications of, or additions to, these compliance standards. Should there be any subsequent modifications of, or additions to the licence requirements of which the Group is unable to comply, its business and financial position may be affected.

### **The Group's intellectual property rights may be inadequately protected and the Group may not be able to protect its intellectual property**

The Group employs its own know-how and expertise, which may not be patented, to develop and implement solutions for its customers. Together, these patented technologies and know-how are important to the Group as they allow the Group to maintain its competitive edge over its competitors. The Group's research and development team is also continuously developing new technologies to be employed in the Group's businesses. There is no assurance that the technologies which the Group may develop can be patented.

In the event that third parties unlawfully utilise the Group's patented technology and know-how, the Group may face considerable difficulties and costly litigation in order to enforce its intellectual property rights. If the Group is not able to protect its intellectual property rights, the Group's business will be adversely affected.

### **Mismanagement of projects could have an adverse effect on the Group's profitability**

As the Group's business is project-based, it is important that it effectively and efficiently manages its projects, principally in terms of time, procurement of materials and allocation of resources. Mismanagement of these factors will result in rectification costs being incurred and delays in the completion of the projects and hence adversely affect the Group's profitability as well as its reputation among its customers. In addition, the Group may face potential liability from legal suits brought against the Group by its customers who have suffered loss due to its mismanagement. This will also adversely affect the Group's reputation, profitability and financial position.

### **Failure to secure new projects will affect the Group's profitability**

The Group's business is project-based and certain of its major customers are recurring customers. Each project also differs in terms of contract value, size, scale, scope and complexities. If the Group is unable to complete its projects successfully or to its customers' satisfaction, the Group may not be able to secure new projects from these customers. There is no assurance that these customers will continue to engage the Group's services for future projects. The Group's financial performance will depend on its ability to continually secure new projects from existing and new customers. If the Group is unable to do so, its profitability will be adversely affected.

### **The Group faces risk of incorrect estimation of project costs, cost overruns and delays in project implementation**

The Group's business is project-based and its contracts are based on fixed prices. As such, it is important that the Group manages its projects efficiently in terms of timeliness, procurement of materials and allocation of resources. The cost estimates for its projects are based on cost indicators available at the time of preparing the cost estimates. If its initial costs estimates are incorrect or delays occur in a project resulting in cost overruns, the profitability of that project will be adversely affected.

In the event that a project takes longer than expected to complete, the Group's resources may be committed and this will limit its ability to undertake more projects. The Group may also face potential liability from legal suits brought against it by its customers for causing losses due to any delay in completing the project or if the Group fails to implement projects which fully satisfy the requirements and expectations of its customers. As such, the Group's profitability and financial position will be adversely affected by any incorrect estimation of costs, cost overruns and delays in project implementation.

### **The Group is subject to risks associated with technological changes**

In order to maintain its customer base and market share, the Group must ensure that its environmental engineering solutions and environmental consultancy solutions can meet

customers' needs. The Group's markets and the technologies used in engineering solutions are characterised by technological changes, specifically improvements in membrane technology and equipment as well as new developments in applications of membrane technology. Although the Group's research and development team is tasked with researching and developing relevant solutions for its business, the Group cannot assure that it will be successful in keeping pace with technological changes. In the event that its competitors are able to offer better and more advanced environmental engineering solutions, the Group's profits will be adversely affected.

**There is no assurance that the Group's subscription of shares in AWT will be successfully completed**

In September 2009, the Company announced the AWT Acquisition. The completion date for the AWT Acquisition, unless otherwise agreed between the parties, is 8 October 2009. Completion of the AWT Acquisition is subject to *inter alia* the fulfilment of conditions precedent in the subscription agreement. As at the Latest Practicable Date, there is no absolute assurance that the AWT Acquisition will be successfully completed.

In an extraordinary general meeting held on 23 September 2009, certain members of the board of AWT were removed and new directors were appointed. As at the Latest Practicable Date, receivers have been appointed by CLSA Mezzanine Management Limited ("**CLSA**") over all of AWT's charged assets in connection with the repayment of principal, interest and redemption premium owing by AWT to CLSA. In addition, certain of AWT's subsidiaries have also received notices from financial institutions demanding for repayment of outstanding loans and/or credit facilities. As at the Latest Practicable Date, trading in the shares of AWT is being suspended. Investors are advised to refer to the public announcements released by AWT on SGXNET for further details on AWT's developments. Assuming the AWT Acquisition is completed and/or if the Group makes further investments in AWT, the Group will be exposed to risks associated with investing in an entity which is in financial distress. There is no absolute assurance amongst others that AWT will continue as a going concern or that it will continue to be listed on the Catalist of the SGX-ST or that the suspension in the trading of its shares will be eventually lifted. There is no assurance that the Group's interest in AWT (if any) will be adequately protected or that its investment in AWT (if any) will eventually pay off or that the Group will not lose part or all of its investment in AWT. In addition, subject to future performance of AWT, the Group may be subject to impairment losses on any investment in AWT if the financial circumstances of AWT deteriorate.

**There is no assurance that the Group will be able to successfully implement its growth strategies and expansion plans**

The Group's ability to achieve its business and financial objectives is subject to a variety of factors, many of which are beyond its control. The Group's failure to execute its business strategies or to manage its growth effectively could adversely affect the Group's business, financial condition and results of operations. The Group may also decide to alter or discontinue certain business strategies and it may adopt alternative, or additional, strategies in response to its operating environment or competitive situation, as well as factors or events which are beyond its control. There can be no assurance that the Group will be able to successfully execute its growth strategies and expansion plans to improve its revenues and results of operations. If the Group is unsuccessful in executing its plans and in addressing the challenges and risks of its operations, the Group's financial performance will be materially and adversely affected.

**The Group's investments made in line with its expansion plans may not be successful**

The Group's strategies include pursuing acquisitions to complement its existing operations. For example, in June 2009, the Company announced the Tongji Acquisition. As at the Latest

Practicable Date, the Tongji Acquisition has not been completed and the completion of the Tongji Acquisition is subject to *inter alia* the fulfilment of conditions precedent in the sale and purchase agreement. There is no absolute assurance that the Tongji Acquisition will be successfully completed.

The Group expends significant time and resources both before and after each acquisition on integration issues, including negotiating terms of initial restructuring, training, providing know-how and business support and creating new incentive structures for management and staff.

However, there is no assurance that the investments made will not be loss-making investments or will yield the desired returns or that the measures taken will be effective in successfully integrating the acquired companies or businesses into the Group's existing operations or to create profitable businesses. Delays in integration or unresolved corporate culture issues may divert the Group's management attention and resources or delay or prevent revenue growth in the Group's other investments and may materially and adversely affect the business, results of operations and/or financial position of the Group.

In addition, any labour disputes, political unrest, economic or financial disturbances in the countries in which the Group operates or holds investments may undermine the Group's growth and expansion plans.

#### **Insurance coverage may not cover all situations**

The Group has maintained insurance coverage against claims arising from various occurrences, such as accidental personal injury or loss of life or damage to property or fire that occur in connection with the Group's business and operations. However, in the event that such claims exceed the insurance coverage of insurance policies which have been taken up, the Group may be liable to cover the shortfall for such amounts claimed. If such events were to occur, the Group's business, financial performance and financial position may be materially and adversely affected.

#### **Failure to retain the services of key personnel will adversely affect the Group's operations and results**

The Group's success has been largely due to the contributions of its key personnel. The Group's continued success is dependent on its ability to retain the services of its key personnel. Although the Group has an experienced management team, the loss of services of its key personnel without suitable replacement or the inability to attract and retain qualified personnel will adversely affect the Group's operations and hence, its revenue and profits.

#### **The Group is dependent on the supply of membrane which it uses in its engineering projects**

In the course of the Group's engineering projects, it uses micro-filtration or ultra-filtration membrane made of polyvinylidene fluoride ("**PVDF**") material extensively. The Group believes that there are currently only a handful of PVDF membrane suppliers worldwide. If its supply of membrane is terminated or the supplier(s) do not fulfill their obligations to the Group, its profitability will be adversely affected as the Group may have to source alternative supplies from other suppliers at a higher cost.

#### **The Group is dependent on the availability of adequately skilled engineers**

If the Group is unable to recruit and retain suitable environmental engineers to meet any increase in the number of projects, its profitability and growth will be affected. In addition, in order to retain the services of adequately skilled and suitable and engineers, the Group may

have to significantly increase the salaries of these professional environmental engineers which will result in an increase in the Group's staff costs. This will adversely affect the Group's revenue and profitability.

#### **The Group faces risks associated with debt financing**

As at 30 June 2009, the Group had total borrowings of approximately S\$22.5 million or a net gearing (defined as the ratio of the Group's total net borrowings to its shareholders' equity) of approximately 0.3 times. Accordingly, the Group will be required to service these borrowings and/or any additional borrowings drawn down by the Group and will be subject to risks normally associated with debt financing, including the risk that the Group's cash flows in the future may be insufficient to meet the required payments of principal and interest of such bank loans. There is no assurance that the Group will be able to roll over or refinance such bank loans when they eventually mature in future on similar or more favourable terms or at all. In addition, the bank loans contain restrictive covenants with respect to financial and operational matters including restrictions on payment of dividends by the Company. Any future breach of covenants given by the Group in connection with the bank loans may constitute an event of default under the relevant loan agreements, which may in turn, result in the Group having to repay such bank loans immediately. If any of such events occur, the Group's cash flows and liquidity and consequently, its operations may be adversely affected. Further, if the interest costs on the Group's borrowings increase significantly, its profitability will also be adversely affected.

#### **The Group may require additional financing in the future**

The Group may need to obtain additional debt or equity financing to fund future expansion plans, acquisitions, capital expenditure or working capital requirements. The issue of additional equity may result in dilution to Shareholders. In addition, additional debt financing may include conditions that could restrict the Group's freedom to operate its business, such as conditions that (i) limit the Company's ability to pay dividends or require the Company to seek consents for the payment of dividends, (ii) increase the Group's vulnerability to general adverse economic and industry conditions, (iii) require the Group to dedicate a portion of its cash flow from operations to repayments for the Group's borrowings, thereby reducing the availability of the Group's cash flow to fund capital expenditures, working capital and other general corporate purposes, or (iv) limit the Group's flexibility in planning for, or reacting to, changes in the Group's business and/or industry. In addition, there is no assurance that the Group will be able to obtain any additional financing or obtain such additional financing on terms which are acceptable to the Group.

#### **The Group may be adversely affected by the current disruption in the global credit markets and associated impacts**

Since the second half of 2008, disruption in global credit markets, coupled with a re-pricing of credit risks, and a slowdown in the global economy have created increasingly difficult conditions in the financial markets. These developments have resulted in historic volatility in equity securities markets, tightening of liquidity in credit markets, widening of credit spread and loss of market confidence. Most recently, these developments have resulted in the failure of a number of financial institutions in the United States and unprecedented actions by governmental authorities and central banks around the world. There is a potential for new laws and regulations regarding lending and funding practices and liquidity stands, and governments and bank regulatory agencies are expected to be aggressive in adopting such new measures in response to concerns and identified trends. It is difficult to predict how long these developments and measures will exist and how the markets which the Group operates in and businesses may be affected. These developments may be exacerbated by persisting volatility in the financial sector and the capital markets or concerns about, or a default by, one or more institutions which could lead to significant market wide liquidity problems, losses or

defaults by other institutions. Accordingly, these conditions could adversely affect the Group's consolidated financial condition or results of operations in future periods. In addition, the Group may become subject to litigation and regulatory or governmental scrutiny, or may be subject to changes in applicable regulatory regimes that may be materially adverse to the Group and its prospects. Furthermore, it is not possible to predict what structural and/or regulatory changes may result from the current market conditions or whether such changes may be materially adverse to the Group and its prospects.

**The Group is exposed to risk in respect of outbreaks of Severe Acute Respiratory Syndrome ("SARS"), avian influenza, Influenza A (H1N1), and/or other communicable diseases which, if uncontrolled, could affect the financial performance and prospects of the Group**

An outbreak of SARS, avian influenza, Influenza A (H1N1) and/or other communicable diseases, if uncontrolled, could affect the operations of the Group, as well as the operations of its customers and suppliers. Any occurrence of a pandemic, an epidemic or outbreak of other disease may have an adverse effect on the business operations of the Group as the Group may be required to quarantine some of its employees and shut down part of its operations to prevent the spread of the disease. If the outbreak is protracted, it may adversely affect the demand for the Group's advanced membrane technology and thus adversely affect its profitability and financial position.

**RISKS RELATING TO THE COUNTRIES IN WHICH THE GROUP OPERATES**

**The Group's operations could be adversely affected by changes in the political and economic conditions in the PRC**

The Group's revenue is mostly derived from the PRC. Accordingly, any significant slowdown in the PRC economy or decline in demand for its services from customers in the PRC will have an adverse effect on the Group's business, financial conditions and results of operations. Furthermore, any unfavourable changes in the social and political conditions of the PRC may also adversely affect the Group's business and operations. Any changes in the political and economic policy of the PRC government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and import and export restrictions, which may in turn adversely affect the Group's financial performance. There is therefore no assurance that the Group's operations would not be adversely affected should there be any policy changes.

**The Group is subject to foreign exchange risks**

The Group's overseas operations are conducted through its subsidiaries in the PRC and Malaysia. The Group is subject to foreign exchange risk as the Company's reporting currency is S\$ and the Group's transaction currencies are mostly RMB, RM and HK\$. Any unfavourable movement in RMB, RM or HK\$ against S\$ may result in a significant foreign exchange loss for the Group which would affect the Group's overall profitability.

**The Group operates in overseas markets and is therefore affected by economic, legal and political conditions in other countries**

The Group's operations and customers are located in various countries. As a result, it is affected by economic, legal and political conditions in other countries, including:

- fluctuations in the value of currencies;
- changes in labour conditions;
- longer payment cycles;



- greater difficulty in collecting outstanding debts;
- burden and costs of compliance with a variety of foreign laws;
- political and economic instability;
- increases in duties and taxation;
- imposition of restrictions on currency conversion or the transfer of funds;
- limitations on imports and exports;
- expropriation or nationalisation of private enterprises and confiscation of private property; and
- reversal of current policies (including favourable tax and lending policies) encouraging foreign investment or foreign trade by host countries.

The Group has not experienced any serious negative impact in connection with its international operations. There is, however, no assurance that such problems will not arise in the future.

**The operations of the Group could be adversely affected if it fails to comply with the laws and regulations and the conditions stipulated in the licences, permits or approvals granted to the Group**

The business and operations of the Group are subject to the respective government rules and regulations, including safety and health regulations, in the relevant countries. The Group may not be able to meet the requirements set by the local authorities at all times. The Group may also be required to incur higher costs to comply with new regulations if stricter or more onerous laws, rules or regulations are imposed, and the business, financial condition, results of operations and prospects of the Group could be materially and adversely affected.

The Group is required to obtain various licences, permits and approvals for its operations, including foreign investment approvals, business licences, tax registration certificates and foreign exchange registration certificates. If the Group fails to obtain and maintain any licences, permits and approvals necessary to operate its business, there could be a material adverse effect on its business, financial condition, results of operations and prospects. Breach or non-compliance with these laws and regulations may result in the suspension, withdrawal or termination of the Group's business licences or permits, or the imposition of penalties, by the relevant authorities. The business licences held by the Group's subsidiaries were granted for a finite period and any extension is subject to the approval of the relevant authorities. Any suspension, withdrawal, termination or refusal to extend the business licences or permits would require the Group to cease its operations, which would adversely affect the business, financial condition, results of operations and prospects of the Group.

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- 10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

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- 11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

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- 12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

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- 13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part**

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or**
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

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- 14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part**

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the**

assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or

- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

### Significant Changes

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- 15. Disclose any event that has occurred from the end of
  - (a) the most recent completed financial year for which financial statements have been published; or
  - (b) if interim financial statements have been published for any subsequent period, that period, to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

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Save as disclosed in this Offer Information Statement and in all public announcements made by the Company, the Directors are not aware of any event which has occurred since 1 July 2009 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group from that set forth in its unaudited consolidated interim financial statements for 1Q2010.

### Meaning of "published"

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- 16. In this Part, "published" includes publications in a prospectus, in an annual report or on the SGXNET.

## PART VI: THE OFFER AND LISTING

### Offer and Listing Details

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- 1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgement of the offer information statement, the method by which the offer price is to be determined must be explained.
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Placement Price : S\$0.4275 per Placement Share.

A commission of 3.0% of the Placement Price (and Goods and Services Tax thereon, if applicable) is payable by the Company to the Placement Agent for each Placement Share subscribed for.

Subscribers of the Placement Shares may be required to pay a brokerage fee of up to 1.0% of the Placement Price (and Goods and Services Tax thereon, if applicable) to the Placement Agent.

No expense incurred by the Company in respect of the Placement will be specifically charged to the Placement Agent or the Subscribers to be procured by the Placement Agent.

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- 2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**

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Not applicable.

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- 3. If**
- (a) any of the relevant entity's shareholders or equity interest-holders have preemptive rights to subscribe for or purchase the securities being offered; and**
  - (b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**

**indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.**

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Not applicable.

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- 4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange**
- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities**

- (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
  - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
- (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities
- (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
  - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
- (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
- (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.

- (a) The highest and lowest market prices of the Shares for each of the 12 calendar months immediately preceding the calendar month in which the Latest Practicable Date falls are as follows:

Month	Price Range		Volume of Shares Traded ('000)
	High (\$)	Low (\$)	
September 2008	0.200	0.150	3,370
October 2008	0.160	0.085	3,395
November 2008	0.120	0.080	3,271
December 2008	0.125	0.075	14,675
January 2009	0.130	0.095	939
February 2009	0.120	0.080	446
March 2009	0.120	0.070	428
April 2009	0.125	0.090	669
May 2009	0.145	0.085	22,714
June 2009	0.140	0.085	159,205
July 2009	0.155	0.115	55,202
August 2009	0.220	0.140	190,210
1 September 2009 to the Latest Practicable Date	0.545	0.180	594,034

Source: Bloomberg L. P. <sup>(1)</sup>

**Note:**

- (1) Bloomberg L.P. has not consented to the inclusion of the price range of the Shares quoted under this paragraph for the purposes of section 249 of the Securities and Futures Act and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. The Company has included the above price range in their proper form and

context in this Offer Information Statement and has not verified the accuracy of such information.

- (b) Not applicable. The Shares have been listed for quotation on the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.
- (c) There has not been any significant trading suspension of the Shares that has occurred on the SGX-ST during the three (3) years immediately preceding the Latest Practicable Date.
- (d) Please refer to paragraph 4(a) of the section entitled "The Offer and Listing" of this Offer Information Statement for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 September 2009 to the Latest Practicable Date.

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**5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide**

- (a) **a statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or pari passu with the securities being offered.**

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Not applicable. The Placement Shares will be sold free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or any other interests whatsoever and will rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.

**Plan of Distribution**

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**6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**

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Pursuant to the Placement Agreement, the Placement Agent has agreed to procure subscriptions and payment for the Placement Shares on a best efforts basis. Under the terms of the Placement Agreement, the Company will pay to the Placement Agent a commission of 3.0% of the Placement Price for each Placement Share subscribed for.

Pursuant to the Placement Agreement, the Placement Agent has undertaken, *inter alia*, that it will not offer the Placement Shares for sale to, or procure subscriptions of or make an invitation for the Placement Shares to any person who (to the best of the Placement Agent's knowledge, information and belief and after having made due and

careful enquiries) fall within Rule 812(1) of the Listing Manual unless such subscription is otherwise agreed to by the SGX-ST.

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- 7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**
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Not applicable.

## **PART VII: ADDITIONAL INFORMATION**

### **Statements by Experts**

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- 1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**
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No statement or report attributed to an expert is included in this Offer Information Statement.

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- 2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert**
- (a) state the date on which the statement was made;**
  - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
  - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**
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Not applicable.

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- 3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**
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Not applicable.

## Consents from Issue Managers and Underwriters

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4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.
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There is no issue manager or underwriter for the Placement. CIMB-GK Securities Pte. Ltd. acts as the Placement Agent to the Placement.

## Other Matters

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5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule, which could materially affect, directly or indirectly
- (a) the relevant entity's business operations or financial position or results; or
  - (b) investments by holders of securities in the relevant entity.
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Save as disclosed in the above sections of this Offer Information Statement, the Directors are not aware of any other matters which could materially affect, directly or indirectly:

- (a) the Company's business operations or financial position or results; or
  - (b) investments by holders of securities in the Company.
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## PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

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Not applicable.

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## PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

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Not applicable.

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## PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

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Not applicable.



The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

For and on behalf of **UNITED ENVIROTECH LIMITED**

\_\_\_\_\_  
Dr Lin Yucheng  
Chairman and Chief Executive Officer

\_\_\_\_\_  
Wang Ning  
Executive Director and Chief Operating Officer

\_\_\_\_\_  
Andy Lim  
Non-executive Director

\_\_\_\_\_  
Yeung Koon Sang alias David Yeung  
Independent Director

\_\_\_\_\_  
Dr Chong Weng Chiew  
Independent Director

\_\_\_\_\_  
Tay Beng Chuan  
Independent Director

\_\_\_\_\_  
Yeo Guat Kwang  
Independent Director

**Dated this 5<sup>th</sup> day of October 2009**