



**United Envirotech Ltd**

*(Incorporated in the Republic of Singapore)*

*(Unique Entity Number: 200306466G)*

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**ACQUISITION OF TWO WASTEWATER TREATMENT PLANTS WITH TOTAL CAPACITY OF 150,000 M3/DAY IN FUJIAN PROVINCE, CHINA**

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**1. INTRODUCTION**

- 1.1 The Board of Directors (the "**Directors**") of United Envirotech Ltd (the "**Company**") wishes to announce that on 31 March 2012, the Company entered into a share transfer agreement (the "**Share Transfer Agreement**") with the shareholders of Fujian Liyang Envirogroup Co. Ltd ("Liyang Envirogroup") and Shaxian Lanfang Water Co. Ltd ("Lanfang") (the "**Vendor**") for the acquisition (the "**Acquisition**") of 80% of the total issued share capital in Liyang Envirogroup and Lanfang (the "**80% Interest**").

**2. INFORMATION ON LIYANG ENVIROGROUP**

Both Liyang Envirogroup and Lanfang are companies incorporated in People's Republic of China. Liyang Envirogroup owns and operates Fuqing Rongyuan Wastewater Treatment Plant, a 120,000 m3/day wastewater treatment plant in Fuqing City. Lanfang owns and operates Shaxian Wastewater Treatment Plant, a 30,000 m3/day (Phase I) wastewater treatment plant in Shaxian City. Upon completion of Phase 2 construction, Shaxian Wastewater Treatment Plant will have a total capacity of 60,000 m3/day.

**3. CONSIDERATION**

- 3.1 Pursuant to the Share Transfer Agreement, the consideration for the Acquisition shall be RMB**116 million** (approximately S\$23.2million) (the "**Consideration**").
- 3.2 The Consideration was arrived at on a willing buyer-willing seller basis after negotiations between the parties and based on the estimated cost of the plants. The consideration of RMB116 mil is for the acquisition of the group of companies and excludes the payment of the liabilities relating to the construction of the plants amounting to about RMB30 million.
- 3.3 Based on the unaudited financial statements of Liyang Envirogroup and Lanfang for the 12 months ended 31 December 2011, the net tangible asset value ("**NTA**") attributable to the 80% Interest as at 31 December 2011 was approximately RMB62 million (approximately S\$12.4 million).
- 3.4 Based on the unaudited financial statements of the Liyang Envirogroup and Lanfang for the 12 months ended 31 December 2011, the net profits attributable to the 80% Interest for the 2011 was approximately RMB 12 million (approximately S\$2.4 million).

**4. RATIONALE**

The Company is undertaking the Acquisition for the following reasons:

- (a) Liyang Envirogroup and Lanfang are involved in the operation of water treatment plants in China, and the Acquisition will allow the Group to expand its portfolio of water treatment plants in China;
- (b) the Group does not have existing plants in the locations of the plants acquired under this Acquisition, the Acquisition allows an expansion of the Group's presence in new business area;

**5. SOURCE OF FUNDS**

The Consideration will be funded by a combination of proceeds from the last KKR convertible bond issuance and bank borrowings.

**6. RELATIVE FIGURES OF THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL**

The relative figures that were computed on the bases set out in Rule 1006 of the Listing Manual (the "Listing Manual") of Singapore Exchange Securities Trading Limited (the "SGX-ST") are as follows:

| <b>Listing Rule</b>  | <b>Percentage</b> |
|--|-------------------|
| (a) <u>Listing Rule 1006(a)</u><br><br>The Acquisition is not a disposal of assets.  | Not applicable    |
| (b) <u>Listing Rule 1006(b)</u><br><br>The net profits attributable to the 80% Interest for the 12 months ended 31 December 2011 of approximately RMB 12 million (approximately S\$2.4 million) compared to the net profit of the Group for the 12 months ended 31 March 2011.   | 15.0%             |
| (c) <u>Listing Rule 1006(c)</u><br><br>The Consideration of RMB116 million (approximately S\$23.2 million based on the Exchange Rate) compared to the Company's market capitalisation of approximately S\$163.4 million as at 30 March 2012.<br><br>The Group's market capitalisation of approximately S\$163.4 million was calculated based on 477,596,000 shares in issue (excluding treasury shares) and the volume-weighted average price of S\$0.3421 per share on 30 March 2012. | 14.2%             |
| (d) <u>Listing Rule 1006(d)</u><br><br>There are no shares to be issued by the Company pursuant to the Acquisition   | Not applicable    |

Accordingly, the Acquisition is a discloseable transaction under Chapter 10 of the Listing Manual as the relative figure as computed under Rule 1006(c) exceeds 5% but does not exceed 20%.

## 7. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the Proposed Acquisition based on the audited financial statements of the Group for the financial year ended 31 March 2011 ("**FY2011**"), are set out below:

### (a) Effect on NTA per share

The financial effects of the Proposed Acquisition on the NTA per share of the Company assuming that the Acquisition was completed at the end of FY2011, are as follows:

|   | <b>As at 31 March 2011 (Audited)</b> |
|---|--------------------------------------|
| NTA (S\$'000)   | 139,222                              |
| Estimated increase / decrease in NTA as a result of the Acquisition   | -6,000                               |
| Total number of shares in the Company's issued share capital as at the end of FY2011 (excluding treasury shares) ('000) | 477,596                              |
| NTA per share before the Acquisition (cents)  | 29.2                                 |
| NTA per share after the Acquisition (cents)   | 27.9                                 |

### (b) Effect on EPS

The financial effects of the Acquisition on the earnings per share ("**EPS**") of the Company, assuming that the Acquisition was completed at the beginning of FY2011, are as follows:

|   | <b>FY2011</b> |
|---|---------------|
| Earnings attributable to Shareholders (S\$ '000)  | 16,008        |
| Total number of shares in the Company's issued share capital as at the end of FY2011 (excluding treasury shares) ('000) | 477,596       |
| EPS before the Acquisition (cents)  | 3.35          |
| EPS after the Acquisition (cents)   | 3.85          |

Exchange rate used is 1SGD=5 RMB

## 8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling Shareholders has any interest, direct and indirect (other than through their shareholdings in the Company) in the Acquisition. There are no directors who are proposed to be appointed to the Company in connection with the Acquisition.

**9. DOCUMENT FOR INSPECTION**

The Share Transfer Agreement is available for inspection during normal business hours at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 for a period of three months from the date of this Announcement.

BY ORDER OF THE BOARD

Dr Lin Yucheng  
Chairman and Chief Executive Officer  
02 April 2012