



United Envirotech Ltd

(Incorporated in the Republic of Singapore)

(Unique Entity Number: 200306466G)

PROPOSED ENTRY INTO TRANSACTION AGREEMENT

The board of directors ("Board") of United Envirotech Ltd. (the "Company" or "UEL") is pleased to announce that the Company has on 2 July 2012 entered into a Transaction Agreement with Moya Asia Limited ("MAL") pursuant to which, inter alia:

- (a) In consideration of the aggregate amount of US \$1,885,014.14 (equivalent to RMB 12,000,000) ("Advance Payment") from the Company to MAL, MAL shall procure that its wholly-owned subsidiary Dayen Water Engineering (Beijing) Ltd (大元水务工程(北京)有限公司) ("**Dayen Water**"), acquires 50% of the issued and paid up capital of Shenyang Shenfei Dayen Environmental Ltd. (沈阳沈飞大元环境工程有限公司) ("**Shenfei Dayen**") from Shenyang Shenfei Aircraft Industry Company Limited (沈阳沈飞民品工业有限公司) ("**SAIC**") ("**Share Acquisition**").

Shenfei Dayen is a PRC-incorporated company with 50% of its issued and paid up capital held by SAIC ("**2nd 50% Shares**") and the other 50% of its issued and paid up capital held by MAL ("**1st 50% Shares**").

- (b) MAL shall deliver to UEL the termination agreement ("**Termination of Concession Agreement**") executed by Shenfei Dayen to terminate the Concession Agreement ("**Shenfei Executed TCA**"). The Concession Agreement entered into between Shenfei Dayen and the Diaobingshan Town Construction Bureau (调兵山市城镇建设局) ("**DTCB**"), had granted Shenfei Dayen concessionary rights to administer, operate, construct and maintain a waste water treatment plant to treat 30,000 m³ per day of wastewater in Diaobingshan City, Liaoning Province, the PRC.
- (c) UEL shall procure the execution by DTCB of the Shenfei Executed TCA and a new concession agreement ("**New Concession Agreement**") in respect of the Waste Water Treatment Plant.
- (d) if (i) the Share Acquisition is completed, (ii) the Shenfei Executed TCA is delivered to UEL, and (iii) the Termination of Concession Agreement and the New Concession Agreement are executed by DTCB, in accordance with the terms of the Transaction Agreement, UEL shall pay the amount of RMB15,000,000 (or its equivalent in US\$) ("**Outstanding Consideration**") to MAL;
- (e) if the Shenfei Executed TCA is not delivered to UEL in accordance with the terms of the Transaction Agreement, UEL shall be entitled to, *inter alia*, request that MAL returns the Advance Payment;

- (f) if (i) the Share Acquisition is completed, (ii) the Shenfei Executed TCA is delivered to UEL, but (iii) the Termination of Concession Agreement and the New Concession Agreement are not executed by DTCCB, in accordance with the terms of the Transaction Agreement:
- (i) in respect of the 2nd 50% Share:
 - (A) UEL shall be entitled to request that MAL procures Dayen Water to transfer the 2nd 50% Shares to UEL;
 - (B) if the 2nd 50% Shares cannot be validly and legally transferred to UEL, either directly or through the share transfer of its holding company, MAL shall return to UEL the Advance Payment; and
 - (ii) in respect of the 1st 50% Shares, UEL shall be entitled to exercise the call option granted by MAL to it under the Transaction Agreement and require MAL to sell the 1st 50% Shares to UEL for the Outstanding Consideration.

The Consideration for the acquisition is arrived at on a willing-buyer, willing-seller basis after negotiations between the parties. Based on a total consideration of SGD 5.39 million, Shenfei Dayen's net asset value of SGD 1.51 million and the net profit for 12 months ended 31 December 2011 of SGD 0.54 million, the Transaction is a non-discloseable transaction under Chapter 10 of the Listing Manual as the relative figures as computed under Rule 1006 is below 5.0%.

Under the terms of the New Concession Agreement, UEL will also enter into a new BOT Agreement with Diaobingshan municipal government for an expansion project to add an additional 20,000 m³/day capacity to the existing plant. The total investment for the acquisition and BOT project is approximately SGD 16 million.

The Consideration will be funded by the proceeds from the issuance of convertible bonds.

None of the Directors and controlling Shareholders has any interest, direct and indirect (other than through their shareholdings in the Company) in the Acquisition.

BY ORDER OF THE BOARD

Dr Lin Yucheng
Chairman and Chief Executive Officer
4 July 2012