



**United Envirotech Ltd**

*(Incorporated in the Republic of Singapore)*

*(Unique Entity Number: 200306466G)*

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**ACQUISITION OF WASTEWATER TREATMENT AND RECLAMATION PLANTS WITH TOTAL CAPACITY OF 90,000 M3/DAY IN QITAIHE CITY, HEILONGJIANG, 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 the Company's wholly owned subsidiary Novo Envirotech (Guangzhou) Co. Ltd (the "Purchaser") has entered into a share transfer agreement (the "**Transfer Agreement**") with the shareholder (the "**Vendor**") of Heilongjiang Qitaihe Wanxinglong Water Co. Ltd (黑龙江七台河万兴隆水务有限责任公司) ("**Qitaihe Co**") for the acquisition (the "**Acquisition**") of 80% of the total issued share capital in the Qitaihe Co (the "**80% Interest**").

**2. INFORMATION ON HEILONGJIANG QITAIHE WANXINGLONG WATER CO. LTD**

Qitaihe Co is a company incorporated in People's Republic of China. It owns a 30-year concession to own and operate a 50,000 m<sup>3</sup>/day wastewater treatment plant and a 40,000 m<sup>3</sup>/day wastewater reclamation plant in Qitaihe City, Heilongjiang Province, China. Qitaihe wastewater treatment is already operating at full capacity and the reclamation plant is currently supplying a minimum of 30,000 m<sup>3</sup>/day of "newwater" to a power plant owned by China Datang Corporation. China Datang Corporation is a state-owned-enterprise and is one of the largest power producers in China.

**3. CONSIDERATION**

- 3.1 Pursuant to the Share Transfer Agreement, the consideration for the Acquisition shall be RMB 92 million (approximately S\$18.4 million) (the "Consideration").
- 3.2 The Consideration was arrived at on a willing buyer-willing seller basis after negotiations between the parties.
- 3.3 Based on the unaudited financial statements of Qitaihe Co 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 RMB61 million (approximately S\$12.2 million).
- 3.4 There is no profit generated by Qitaihe Co as the Company has not commenced commercial operation.

**4. RATIONALE**

The Company is undertaking the Acquisition for the following reasons:

- (a) The wastewater treatment plant is operating at full capacity and will generate cash flow immediately;
- (b) The supplying of “newwater” to the Datang’s Qitaihe power plant provides additional income stream;
- (c) The acquisition is consistent with the Company’s strategy to aggressively expand its water plant portfolio and brings the total number of plants acquired by the Company during this year to 10.

**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>  The Acquisition is not a disposal of assets.	Not applicable
(b) <u>Listing Rule 1006(b)</u>  The net profits attributable to the 80% Interest for the 12 months ended 31 December 2011 compared to the net profit of the Group for the 12 months ended 31 March 2012.	Not Meaningful
(c) <u>Listing Rule 1006(c)</u>  The Consideration of RMB92 million (approximately S\$18.4 million based on the Exchange Rate) compared to the Company's market capitalisation of approximately S\$172.2 million as at 31 October 2012.  The Group’s market capitalisation of approximately S\$172.2 million was calculated based on 477,596,000 shares in issue (excluding treasury shares) and the volume-weighted average price of S\$0.3605 per share on 31 October 2012.	10.7%
(d) <u>Listing Rule 1006(d)</u>  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 2012 ("**FY2012**"), 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 FY2012, are as follows:

	<b>As at 31 March 2012 (Audited)</b>
NTA (S\$'000)	176,498
Estimated increase / decrease in NTA as a result of the Acquisition	-
Total number of shares in the Company's issued share capital as at the end of FY2012 (excluding treasury shares) ('000)	477,596
NTA per share before the Acquisition (cents)	36.96
NTA per share after the Acquisition (cents)	36.96

### (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 FY2012, are as follows:

	<b>FY2012</b>
Earnings attributable to Shareholders (S\$ '000)	10,475
Total number of shares in the Company's issued share capital as at the end of FY2012 (excluding treasury shares) ('000)	477,596
EPS before the Acquisition (cents)	2.12
EPS after the Acquisition (cents)	2.12

Exchange rate used is 1SGD=5.0 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  
31 October 2012