

UNITED ENVIROTECH LTD
(Incorporated in the Republic of Singapore)
(Company registration no.: 200306466G)

**ACQUISITION OF THE BUSINESS, ASSETS AND PRINCIPAL SUBSIDIARIES OF
MEMSTAR TECHNOLOGY LTD BY UNITED ENVIROTECH LTD – TAKE-OUT FACILITY
AGREEMENT**

1. INTRODUCTION

The board of directors (the “**Board**”) of United Envirotech Ltd (the “**Company**”) refers to the announcements made by the Company on 29 July 2013, 7 August 2013, 13 August 2013, 26 November 2013, 9 January 2014, 20 January 2014, 9 April 2014, 11 April 2014 and 17 April 2014 (the “**Prior Announcements**”), and the circular despatched by the Company on 20 January 2014 (the “**Circular**”), in relation to the acquisition of the business, assets and principal subsidiaries of Memstar Technology Ltd (the “**Vendor**”) by the Company (the “**Transaction**”).

Unless otherwise expressly specified, capitalised terms herein shall bear the same meanings as defined in the Prior Announcements and the Circular.

2. TAKE-OUT FACILITY AGREEMENT

Further to the Prior Announcements and the Circular, the Board wishes to announce that the Target Company (an indirect wholly-owned subsidiary of the Company pursuant to the completion of the Acquisition) has entered into the Take-Out Facility Agreement as the borrower, pursuant to which the funds will be upstreamed to UEW (by way of a S\$55,000,000 intercompany loan from the Target Company to UEW) for the purpose of repaying the principal amounts owing by UEW under the Bridge Facility Agreement.

The Target Company has observed the procedures set out in Section 76(9B) of the Companies Act prior to giving the Financial Assistance.

2.1 Rule 704(31) disclosure

Pursuant to Rule 704(31) of the SGX-ST Listing Manual, the Company wishes to disclose that the Take-Out Facility Agreement contains conditions that make reference to the shareholding interests of KKR (the single largest Shareholder, which holds 235,491,188 Shares, representing 26.02% of the issued share capital of the Company, and convertible Bonds of US\$62.7 million in aggregate principal amount as at the date of this announcement) or places restrictions on any change in control of the Company. The relevant clause (Clause 7.2) is set out in the appendix to this announcement (the “**Appendix**”).

As at the date of this announcement, none of the conditions under Clause 7.2 of the

Take-Out Facility Agreement has occurred. Assuming any such conditions occur, and assuming that the Take-Out Facility Agreement has been fully drawn down, the aggregate maximum level of facilities available to the Group as at the date of this announcement that may be affected by such occurrence is approximately S\$217 million¹ (including the principal amount of the loan under the Take-Out Facility Agreement).

2.2 Rule 728 Undertaking

In compliance with Rule 728 of the SGX-ST Listing Manual, the Company has obtained an undertaking from KKR to notify the Company as soon as they become aware of:

- (i) any share pledging arrangements relating to the shares that they own in the Company; and
- (ii) any event which may result in a breach of the Target Company's loan provisions under the Take-Out Facility Agreement,

together with the following details:

- (a) the class, number of shares and percentage of the Company's issued share capital that is the subject of the security interest;
- (b) the party or parties in whose favour the security interest is created or financial instrument is given; and
- (c) all other material details which are necessary for the understanding of the arrangements.

3. FURTHER UPDATES

The Company will make further announcements as and when there are material updates on this matter.

BY ORDER OF THE BOARD

Dr. Lin Yucheng
Chairman and Chief Executive Officer
22 May 2014

¹ Borrowings denominated in foreign currencies are converted at the prevailing exchange rates.

Appendix

Clause 7.2 of the Take-Out Facility Agreement

7.2 Change of control and redemption of Convertible Bonds

(a) Upon the occurrence of:

- (i) a Change of Control; or
- (ii) a notification by K.K.R. issued to UEL that it is exercising its right to require UEL to redeem the Convertible Bonds in accordance with their terms,

the Facility will be cancelled and the outstanding Utilisation, together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

(b) In this Clause 7.2, a "**Change of Control**" will occur if:

- (i) in respect of UEL:
 - (A) at any time during which more than 50 per cent. of the Total Commitment remains outstanding, the Key Shareholders acting in concert neither:
 - 1. own at least 50 per cent. of the issued share capital having the right to cast votes in general meetings of UEL; nor
 - 2. hold the right to appoint and remove all or a majority of the members of the board of directors or equivalent body of UEL; or
 - (B) any person or persons (other than the Existing Shareholders) acting in concert acquires control of UEL;
- (ii) in respect of UE Water, UEL ceases to:
 - (A) own all of the issued share capital of UE Water; or
 - (B) hold the right to determine the composition of a majority of the board of directors or equivalent body of UE Water;
- (iii) in respect of the Borrower, UE Water ceases to:
 - (A) own all of the issued share capital of the Borrower; or
 - (B) hold the right to determine the composition of a majority of the board of directors or equivalent body of the Borrower.

For the purposes of this definition:

- (1) **"acting in concert"** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the relevant company, to obtain or consolidate control of the relevant company;
- (2) **"control"** means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or the right to appoint and/or remove all or a majority of the members of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms **"controlling"** and **"controlled"** shall have meanings correlative to the foregoing; and
- (3) **"Key Shareholders"** means (a) Dr. Lin Yucheng and/or his family and/or persons which are controlled by any of them and/or any trust the beneficial interests in which are majority-owned by Dr. Lin Yucheng and/or his family and/or persons controlled by any of them, (b) the executive directors of UEL as at the date of this Agreement and (c) K.K.R and any funds controlled by K.K.R.