



MEMSTAR TECHNOLOGY LTD.
(Incorporated in the Republic of Singapore)
(Company registration no.: 197901641k)

COMPLETION OF THE PROPOSED DISPOSAL OF THE BUSINESS, ASSETS AND PRINCIPAL OPERATING SUBSIDIARIES OF MEMSTAR TECHNOLOGY LTD. TO UNITED ENVIROTECH LTD.

Unless otherwise expressly defined herein, all capitalised terms in this announcement shall bear the same meanings as ascribed to them in the Circular to Shareholders, dated 20 January 2014, issued by the Company ("Circular").

1. INTRODUCTION

The Board of Directors ("**Board**") of Memstar Technology Ltd. ("**Company**") refers to the Announcements and Circular. Pursuant to Shareholders' approval obtained at the EGM on 12 February 2014 for the Proposed Disposal, the Board is pleased to announce that all the conditions precedent to the Proposed Disposal have been satisfactorily fulfilled or waived and the completion of the Proposed Disposal has taken place on 11 April 2014.

2. DISTRIBUTION OF THE NET PROCEEDS

Following Completion, the Net Proceeds will be immediately distributed to the Entitled Shareholders as follows:

- (i) for every **1 Share** held, an Entitled Shareholder will receive **S\$0.02437** in cash and **0.075 UEL Shares**; and
- (ii) for every **1,000 Shares** held, an Entitled Shareholder will receive **S\$24.37¹** in cash and **75 UEL Shares¹**.

The Shareholders may expect to receive the cash and UEL Shares on 21 April 2014. Shareholders should ensure that the UEL Shares they receive pursuant to the distribution are in their CDP accounts before proceeding with any further trading.

3. DEED OF WAIVER

The Company and the Purchaser have entered into a Deed of Waiver dated 10 April 2014 ("**Deed**") to waive certain conditions precedent, details of which are set out below:

¹ For every 1,000 Shares held, an Entitled Shareholder will receive S\$0.9 in cash and 46 UEL Shares by way of the Proposed Special Dividend, and S\$23.47 in cash and 29 UEL Shares by way of the Proposed Capital Reduction.

3.1 Patent

Pursuant to clause 4.2.4 of the SPA, it is a condition precedent that the Company shall transfer to MPL all rights, title and interest in and to the Patent in all relevant jurisdictions.

As regards the Patent:

- (i) on 15 March 2014, the Company entered into a written agreement with Memstar (Guangzhou) Co. Ltd. ("**MGCL**"), a wholly owned subsidiary of MPL, pursuant to which the Company agreed to assign its rights and interest in the Patent to MGCL ("**Assignment Agreement**"); and
- (i) on 5 April 2014, the Assignment Agreement was duly submitted to the State Intellectual Property Office of the People's Republic of China ("**Authority**") for registration of the assignment.

In light of the execution of the Assignment Agreement and the submission of an application to register the same with the Authority, the Purchaser waived the condition precedent set out in clause 4.2.4, provided that the transfer of the Patent to MGCL is completed within 30 business days from the date of the Deed.

3.2 Concession Arrangement Contract

Pursuant to clause 4.2.6 of the SPA, it is a condition precedent that the Company shall novate its rights and obligations under the Concession Arrangement Contract, which was entered into between the Company and the Purchaser with the Tangshan government, to MPL.

As regards the Concession Arrangement Contract:

- (i) clause 2.4.2 of the Concession Arrangement Contract provides that an operating company ("**Operating Company**") is to be jointly set up by the Company and the Purchaser to take over all the rights and obligations of the Company and the Purchaser under the Concession Arrangement Contract;
- (ii) on 1 November 2012, the Tangshan government, the Company and the Purchaser had entered into a supplemental agreement to the Concession Arrangement Contract ("**Supplemental Agreement**"), wherein the Tangshan government expressly acknowledged that Maxrise Envirogroup Ltd., a joint venture company set up by Memstar Water Pte. Ltd. (a wholly owned subsidiary of MPL) and the Purchaser, shall take over all the rights and liabilities of the Company and the Purchaser under the Concession Arrangement Contract.

In light of the Supplemental Agreement, the Purchaser has waived the condition precedent set out in clause 4.2.6 of the SPA.

3.3 Records

Pursuant to clause 5.4.11 of the SPA, it is a requirement that the Company shall deliver to the Purchaser the originals/copies of all relevant statutory records and books relating to MPL and its subsidiaries (collectively, "**Group Companies**") and their business ("**Records**") on or before Completion.

As the Records are currently maintained and kept by each respective Group Company, and the Company and the Purchaser have reached an understanding that the Records shall continue to be maintained and kept by each respective Group Company and need not be delivered to the Purchaser on Completion.

In light of the above, the Company has waived the requirement set out in clause 5.4.11 of the SPA.

4. ODD-LOT TRADING OF UEL SHARES

The Company will make a further announcement in relation to the trading of odd-lot of the UEL Shares on a temporary odd-lot counter to be established by SGX-ST.

5. CONTINUED TRADING OF THE COMPANY'S SECURITIES

On 11 April 2014, the SGX-ST advised that it has no objection to the continued trading of the Company's Shares on Mainboard on the basis that Rule 1018(1)(c) and (d) of the Listing Rules will be complied with.

6. CHANGES TO THE BOARD

Following Completion, Ms Pan Shuhong and Dr Ge Hailin will resign as executive directors of the Company, but will continue to serve on the Board as non-executive directors of the Company.

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

BY ORDER OF THE BOARD

Dr. Ge Hailin
Chief Executive Officer/Director
11 April 2014