

CIRCULAR DATED 20 JANUARY 2014

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by United Envirotech Ltd (the “**Company**”). If you are in any doubt about its contents or the action you should take, you should consult your stockbroker, registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should at once hand this Circular, the Notice of Extraordinary General Meeting and attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. Approval-In-Principle granted by the SGX-ST for the listing of the Consideration Shares on the main board of the SGX-ST is not to be taken as an indication of the merits of the Transaction or the Company.

Terms appearing on this cover of this Circular bear the same meanings as defined in the Circular.



**United Envirotech Ltd**

**UNITED ENVIROTECH LTD**

(Incorporated in Singapore on 9 July 2003)

(Company Registration No. 200306466G)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (1) THE PROPOSED ACQUISITION OF THE BUSINESS, ASSETS AND PRINCIPAL SUBSIDIARIES OF MEMSTAR TECHNOLOGY LTD BY THE COMPANY (THE “TRANSACTION”); AND**
- (2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 200,055,550 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$1.10 PER SHARE TO MEMSTAR TECHNOLOGY LTD TO BE CREDITED AS FULLY PAID-UP AS PART PAYMENT OF THE PURCHASE CONSIDERATION FOR THE TRANSACTION.**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	10 February 2014 at 5 p.m.
Date and time of Extraordinary General Meeting	:	12 February 2014 at 5 p.m.
Place of Extraordinary General Meeting	:	Amara Hotel, Connection 2, Level 3 165 Tanjong Pagar Road Singapore 088539

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## DEFINITIONS

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For the purposes of this Circular, the following definitions apply throughout unless the context otherwise requires.

- “Announcements”** : The announcements released on the SGXNET by the Company on 29 July 2013, 7 August 2013, 13 August 2013 and 26 November 2013 in relation to the Transaction
- “Approval-In-Principle”** : The approval-in-principle for the listing of the Consideration Shares on the main board of the SGX-ST received from the SGX-ST on 9 January 2014
- “Board”** : The board of Directors of the Company
- “Books Closure Date(s)”** : In relation to the Special Dividend, Capital Reduction or Voluntary Liquidation (as the case may be), the date(s) to be announced by the Vendor on which the transfer books of the Vendor and the Register will be closed in order to determine the entitlements of Vendor Shareholders to the same
- “Business Day”** : A day (other than Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
- “Capital Reduction”** : Has the meaning ascribed to it in section 4.3.1 of this Circular
- “Cash Consideration”** : Has the meaning ascribed to it in section 4.1.1(a) of this Circular
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular dated 20 January 2014
- “Company”** : United Envirotech Ltd
- “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Companies Act Requirements”** : Has the meaning ascribed to it in section 4.3.1
- “Company’s Entitlement”** : Has the meaning ascribed to it in section 4.3.4
- “Completion”** : The completion of (i) the sale and purchase of the Sale Shares; and (ii) the transfer and/or novation of the Sale Assets on the Completion Date

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## DEFINITIONS

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- “Completion Date”** : (i) the Designated Date, in the event all conditions precedent set out in sections 4.4.1, 4.4.2 and 4.4.3 of this Circular are satisfied and/or waived by the Company or the Vendor, as the case may be (other than those conditions precedent which by their terms are to be fulfilled by or on Completion or the Completion Date) prior to the Designated Date; or
- (ii) two (2) Business Days after all conditions precedent set out in sections 4.4.1, 4.4.2 and 4.4.3 of this Circular are satisfied and/or waived by the Company or the Vendor, as the case may be (other than those conditions precedent which by their terms are to be fulfilled by or on Completion or the Completion Date), in the event such conditions precedents are fulfilled and/or waived on or after the Designated Date; or
- (iii) such other date falling prior to the Designated Date, as the Parties may agree in writing
- “Concession Arrangement Contract”** : The contract between the Vendor and the Tangshan government, as further described in the S&P Agreement
- “Control”** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
- “Controlling Shareholder”** : A person who:
- (a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all voting Shares in the Company; or
- (b) in fact exercises control over the Company
- “Consideration Shares”** : Has the meaning ascribed to it in section 4.1.1(b) of this Circular
- “Convertible Bonds”** : The US\$113.8 million in aggregate principal amount of convertible bonds held by KKR, due in October 2016 and issued by the Company to KKR on 4 October 2011, which upon full conversion will result in a maximum number of 305,000,007 new Shares being allotted and issued to KKR
- “Convertible Bond Terms”** : The terms and conditions of the Convertible Bonds, a summary of which was set out in the announcement released on the SGXNET by the Company on 1 August 2011
- “Customer Contracts”** : The contract between the Vendor and Hydranautics, as further described in the S&P Agreement

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## DEFINITIONS

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<b>“Depository Register”</b>	:	Has the meaning ascribed to it in section 130A of the Companies Act
<b>“Designated Date”</b>	:	The date falling sixty (60) days after the date the Requisite Shareholders’ Approvals are obtained (and if such date is not a Business Day, then such date shall fall on the immediately following Business Day) or such other date as may be mutually agreed between the Parties
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 12 February 2014
<b>“Encumbrance”</b>	:	Any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
<b>“EPC”</b>	:	Has the meaning ascribed to it in section 3.2 of this Circular
<b>“EPS”</b>	:	Earnings per Share
<b>“ESOS”</b>	:	The employee share option scheme approved by the Shareholders at an extraordinary general meeting of the Company held on 2 February 2010 and subsequently amended on 14 February 2013
<b>“Existing Guarantees”</b>	:	(a) The banker’s guarantee issued by DBS Bank Ltd to the Controller of Immigration in respect of the employment of a foreign worker by the Vendor; (b) the banker’s guarantee issued by DBS Bank Ltd to Boustead Salcon Water Solutions Pte Ltd in order to secure the payment of trade creditors of the Vendor; and (c) the corporate guarantee granted by the Vendor to Standard Chartered Bank (“ <b>SCB</b> ”) in order to secure facilities extended by SCB to Max Rise Water Services Holdings Limited, and “ <b>Existing Guarantee</b> ” shall mean any of them
<b>“First Tranche Payment”</b>	:	Has the meaning ascribed to it in section 4.2.1(a) of this Circular
<b>“FY” or “Financial Year”</b>	:	Financial year ended, or as the case may be, ending 31 March
<b>“Ge Hailin”</b>	:	Chief Executive Officer of Memstar Technology Limited
<b>“Group”</b>	:	The Company and its subsidiaries

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## DEFINITIONS

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<b>“Hire-purchase Vehicle”</b>	:	The motor vehicle (Land Rover Range Rover Evoque) of the Vendor under hire-purchase from DBS Bank Ltd, as further described in the S&P Agreement
<b>“Issue Price”</b>	:	Has the meaning ascribed to it in section 4.1.1(b) of this Circular
<b>“January Announcement”</b>	:	The announcement released on the SGXNET by the Company on 9 January 2013 in relation to the January Transaction
<b>“January Transaction”</b>	:	The acquisition by the Company of an aggregate of 350,000,000 ordinary shares in the existing issued and paid-up share capital of the Vendor from Ge Hailin and Pan Shuhong, details of which are contained in the January Announcement
<b>“KKR”</b>	:	KKR China Water Investment Holdings Limited
<b>“KKR Conversion”</b>	:	The partial conversion by KKR of US\$51.1 million in aggregate principal amount of its Convertible Bonds into the KKR Conversion Shares at the conversion price of S\$0.45 per KKR Conversion Share, as further detailed in the KKR Conversion Undertaking
<b>“KKR Conversion Notice”</b>	:	The notice of the KKR Conversion
<b>“KKR Conversion Shares”</b>	:	The 136,955,188 Shares to be allotted and issued to KKR pursuant to the KKR Conversion
<b>“KKR Conversion Undertaking”</b>	:	The irrevocable undertaking dated 26 November 2013 given by KKR to the Company in respect of the KKR Conversion and its obligations thereunder, as further detailed in section 4.5.1.1
<b>“KKR Moratorium Undertaking”</b>	:	Has the meaning ascribed to it in section 4.5.3.1(iii) of this Circular
<b>“Latest Practicable Date”</b>	:	9 January 2014, being the latest practicable date prior to the date of this Circular
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as may be amended, supplemented or modified from time to time
<b>“Long Stop Date”</b>	:	28 April 2014, or such other date as may be mutually agreed in writing between the Parties
<b>“Mandate”</b>	:	Has the meaning ascribed to it in section 10 of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities

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## DEFINITIONS

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<b>“Net Receivables”</b>	:	The net receivables between the Target Group and the Vendor as at the date of Completion, as further described in the S&P Agreement
<b>“NTA”</b>	:	Net tangible assets
<b>“Outstanding Options”</b>	:	Options outstanding under the ESOS and as at the Latest Practicable Date, the total number of Shares that may be issued upon exercise of all the outstanding options is 73,300,000
<b>“Parties”</b>	:	The Company and the Vendor, and <b>“Party”</b> means any of them
<b>“Patent”</b>	:	Patent No.: ZL 2009 1 0140114.5, “Method and equipment for intenerating drinking water and the relevant water softener” of the Vendor, as further described in the S&P Agreement
<b>“PRC”</b>	:	The People’s Republic of China
<b>“Requisite Shareholders’ Approvals”</b>	:	(i) The approval of the Vendor Shareholders as described in section 4.4.3(a), and (ii) the approval of the Shareholders as described in section 4.3.3(a)
<b>“Pan Shuhong”</b>	:	Executive Chairman of Memstar Technology Limited
<b>“Purchase Consideration”</b>	:	Has the meaning ascribed to it in section 1 of this Circular
<b>“Proposed Distribution”</b>	:	Has the meaning ascribed to it in section 4.3.1 of this Circular
<b>“Proposed Set-off Arrangement”</b>	:	Has the meaning ascribed to it in section 4.3.5 of this Circular
<b>“Rule 1006”</b>	:	Has the meaning ascribed to it in section 5 of this Circular
<b>“S&amp;P Agreement”</b>	:	The sale and purchase agreement dated 29 July 2013 entered into between the Company and the Vendor in relation to the Transaction
<b>“Sale Assets”</b>	:	The (i) Customer Contract; (ii) Concession Arrangement Contract; (iii) Patent; (iv) Hire-purchase Vehicle; and (v) Net Receivables of the Vendor, which are to be transferred and/or novated by the Vendor to the Target Company or the Company (as case may be) on the terms and subject to the conditions in the S&P Agreement
<b>“Sale Shares”</b>	:	Has the meaning ascribed to it in section 1 of this Circular
<b>“Second Tranche Payment”</b>	:	Has the meaning ascribed to it in section 4.2.1(b) of this Circular

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## DEFINITIONS

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<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>“Set-off Date”</b>	:	Has the meaning ascribed to it in section 4.3.6
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	The registered holders of Shares in the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares, mean Depositors whose Securities Accounts are credited with those Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Special Dividend”</b>	:	Has the meaning ascribed to it in section 4.3.1 of this Circular
<b>“Supplemental Agreements”</b>	:	The supplemental sale and purchase agreements dated 13 August 2013 and 26 November 2013 entered into between the Company and the Vendor in relation to the Transaction
<b>“Target Company”</b>	:	Memstar Pte Ltd is a company incorporated in Singapore, and is the 100% subsidiary of the Vendor. As at the date of the S&P Agreement, it has 1,670,383 issued and paid-up shares
<b>“Target Group Business”</b>	:	The business of manufacturing and supplying of membrane, membrane products and integrated membrane system, and operation of water plants undertaken by the Target Group as at the date of the S&P Agreement
<b>“Target Subsidiaries”</b>	:	The existing subsidiaries of the Target Company, details of which are set out in <b>Appendix 1</b> of this Circular
<b>“Transaction”</b>	:	The proposed acquisition of the business, assets and Target Subsidiaries of Memstar Technology Ltd by the Company
<b>“Target Group”</b>	:	Has the meaning ascribed to it in section 2 of this Circular
<b>“Vendor” or “MTL”</b>	:	Memstar Technology Ltd, a public company incorporated in Singapore whose shares are listed on the SGX-ST
<b>“Vendor EGM”</b>	:	The extraordinary general meeting to be held by the Vendor to approve the transactions incidental to or under the S&P Agreement
<b>“Vendor’s ESOS”</b>	:	The employee share option scheme of the Vendor
<b>“Vendor Moratorium Undertakings”</b>	:	Has the meaning ascribed to it in section 4.5.2.1(c) of this Circular

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## DEFINITIONS

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<b>“Vendor Shareholders”</b>	:	The registered holders of shares in the Vendor
<b>“Voluntary Liquidation”</b>	:	Has the meaning ascribed to it in section 4.3.1
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“US\$”</b>	:	United States dollars
<b>“%” or “per cent.”</b>	:	Percentage or per centum

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day or date in this Circular is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking information is not guarantees of future performance or events and involves known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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## LETTER TO SHAREHOLDERS

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### UNITED ENVIROTECH LTD

(Incorporated in Singapore on 9 July 2003)  
(Company Registration No. 200306466G)

#### Directors:

Lin Yucheng (Chairman and Chief Executive Officer)  
Wang Ning (Executive Director)  
Chong Weng Chiew (Executive Director)  
Yeung Koon Sang alias David Yeung (Lead Independent Director)  
Tay Beng Chuan (Independent Director)  
Lee Suan Hiang (Independent Director)  
David Haifeng Liu (Non-Executive Director)  
Zhao Fu (Non-Executive Director)  
Li Yan (Non-Executive Director)

#### Registered Office:

80 Robinson Road  
#02-00  
Singapore 068898

20 January 2014

**To: The Shareholders of United Envirotech Ltd**

Dear Sir/Madam,

#### 1. INTRODUCTION

On 29 July 2013, the Company announced that it had on the same day, entered into a sale and purchase agreement (the "**S&P Agreement**") with the Vendor, in relation to (i) the proposed acquisition of one hundred per cent. (100%) of the existing issued and paid-up share capital of the Target Company, comprising 1,670,383 issued ordinary shares (the "**Sale Shares**") and (ii) the proposed transfer and/or novation of MTL's Sale Assets to the Company or the Target Company, as the case may be, on the terms and subject to the conditions of the S&P Agreement, for an aggregate consideration of S\$293,414,807 (the "**Purchase Consideration**").

The purpose of this Circular is to provide Shareholders with information pertaining to the Transaction, for which the approval of the Shareholders will be sought at the EGM to be held at Amara Hotel, Connection 2, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on 12 February 2014 at 5.00 p.m. by way of ordinary resolutions.

#### 2. INFORMATION ON THE VENDOR, THE TARGET COMPANY, AND THE TARGET GROUP

The Vendor is a public company incorporated in Singapore whose shares are listed on the SGX-ST.

The Target Company (a wholly-owned subsidiary of the Vendor) is a private company limited by shares incorporated in Singapore.

The Target Company, together with its subsidiaries (the "**Target Group**"), is principally engaged in the business of manufacturing and supplying of membrane, membrane products and integrated membrane system, and operation of water plants. The Target Group is one of the leading manufacturers and suppliers of polyvinylidene fluoride ("**PVDF**") hollow fibre membrane products with global presence. Listed on the SGX-ST

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## LETTER TO SHAREHOLDERS

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since 2007, The Target Group is equipped with strong research and development capabilities and has manufacturing facilities located in both Singapore and China. Its superior product quality is recognised by international customers from Asia, Middle East, Europe and the United States.

### 3. RATIONALE FOR THE TRANSACTION

The Directors are of the view that the Transaction is in the interests of the Company, after having considered the following factors:

#### 3.1. **The Transaction will transform the Company into a vertically integrated water solutions provider with the ability to offer one-stop solutions to the Company's customers, and will give the Company a competitive edge in the industry.**

Membrane is a critical aspect of the Company's water and wastewater treatment plants projects. Given the intense competition in the industry, the Company's competitiveness may be impacted if it does not offer one-stop solutions to our customers, or have in-house R&D capabilities to ensure the membranes suit the Company's customers' needs and be able to provide technical advice and after sales services to its customers. By offering one-stop solutions to the Company's customers, the Company expects to be able to compete and procure more and bigger projects. The Company's customers are also likely to have greater confidence in it should it acquire in-house R&D capabilities and technical expertise in membrane. It will give the Company a competitive edge when bidding for projects.

Further, the Company focuses on industrial applications in industries such as petrochemical, chemical and textile and dye stuff industries, which typically require high level membrane expertise and technology as compared to municipal water and wastewater treatment projects. By having a membrane business division, the Company will be able to continually improve and adapt the membranes for various diverse applications and respond to its customers' needs within a quicker response time.

#### 3.2. **The Company has strong in-house demand and recurring purchases for membranes.**

The Company has been an active user of membranes in Engineering Procurement and Construction ("EPC") projects and its water and wastewater treatment plants, which it operates on a Build-Operate-Transfer/Transfer-Operate-Transfer basis. These projects require membranes when they are first built and will need membrane replacement periodically. In the Company's latest financial year ended 31 March 2013, approximately 85% of its EPC sales had been derived from such membrane-based projects.

Going forward, the Company expects in-house demand and the recurring demand for membranes to increase from (i) its upcoming EPC projects; (ii) replacement membranes for the Company's water and wastewater treatment plants, as well as those water and wastewater treatment plants previously constructed for its customers; and (iii) it intends to continue the acquisition of water and wastewater treatment plants which may require membranes to operate.

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## LETTER TO SHAREHOLDERS

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### 3.3. Good international membrane sales prospect.

MTL's products have received recognition by international customers from Asia and the United States. As a testimony to its product quality, it has been manufacturing and supplying membrane products for Hydranautics since 2012. Hydranautics is a wholly-owned subsidiary of Nitto Denko and is a global leader in the manufacturing and supply of reverse osmosis and ultrafiltration membranes for desalination, wastewater treatment and water reuse. As a combined group, the Company expects the sales of membrane to increase, as it will be able to cross-sell the membrane products through its sales network and extensive customers base both in China and globally.

## 4. THE TRANSACTION

### 4.1. Purchase Consideration

4.1.1. The Purchase Consideration shall be satisfied by the Company partly in cash and partly by way of allotment and issuance of new Shares to the Vendor as follows:

- (a) S\$73,353,702 payable in cash (the "**Cash Consideration**"); and
- (b) the remaining S\$220,061,105 shall be satisfied by way of allotment and issuance of up to 200,055,550 new Shares (the "**Consideration Shares**"), credited as fully paid-up, by the Company to the Vendor. Each Consideration Share will be issued at an issue price of S\$1.10 per Consideration Share (the "**Issue Price**").

4.1.2. The Consideration Shares shall, on allotment and issuance to the Vendor on Completion, (i) be free from all Encumbrances to be freely dealt with by the Vendor, (ii) rank *pari passu* with all then existing shares of the Company, (iii) be duly admitted to the official list of the SGX-ST and be freely listed, quoted and tradeable without limitation or restriction on the SGX-ST (save as set out in the listing rules of the SGX-ST), and (iv) not be subject to any moratorium on disposal placed by the Company (save in relation to the Moratorium Undertakings) or the SGX-ST or by contractual undertaking or otherwise or under any restrictions by any government authority or regulatory authority restricting the sale and transfer of the Consideration Shares.

4.1.3. Following the allotment and issuance of the Consideration Shares, the Vendor may as a result hold odd lots of Shares (ie. lots other than board lots of 1,000 Shares). The Parties agree that, prior to or upon Completion, the Company will apply to the SGX-ST, at its cost and expense, for the establishment of a temporary odd-lot counter for a period of one (1) calendar month.

4.1.4. The Board is of the opinion that given the nature of the Sale Assets (which comprise, *inter alia*, the Customer Contract, the Concession Arrangement Contract and the Net Receivables) and the Sale Shares, the value to be ascribed to the Sale Assets and the Sale Shares is best assessed based on an evaluation of the future earning capabilities of, and potential contributions arising from, the Target Group Business, and the synergistic effects of the combined group. The relevant key factors considered for the purposes of determining the Purchase Consideration are as follows:

- (a) In-house demand for membranes;

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## LETTER TO SHAREHOLDERS

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The Company has been an active user of membranes and is expecting such in-house demand to increase. In assessing the Purchase Consideration, it has considered its in-house demand of membranes which will come from its (i) upcoming EPC projects, (ii) replacement membranes for its water and wastewater treatment plants, as well as those water and wastewater treatment plants previously constructed for its customers, and (iii) intended continued acquisition of water and wastewater treatment plants which may require membranes to operate;

- (b) the international sales and growth potential of the membrane business;
- (c) the benefits of potential vertical integration and the ability to provide one-stop solutions to its customers; and
- (d) an assessment of the product quality of the membranes, through conducting interviews with customers and suppliers and consulting with industry experts.

Accordingly, no independent valuation had been carried out in respect of the Sale Assets and the Sale Shares.

Further, the Consideration Shares to be issued by the Company at the Issue Price of S\$1.10 per Consideration Share represents a premium of approximately 8.6% to the volume weighted average trading price for trades done on 26 July 2013, being the Market Day prior to the signing of the S&P Agreement, and also represents a premium of 13.1%, 16.1% and 21.0% to the volume weighted average trading price in the past 30 days, 60 days and 90 days, respectively, prior to the signing of the S&P Agreement.

As the Transaction relates to the acquisition of the principal assets and subsidiaries of the Vendor, the prevailing market price of the shares of the Vendor, equivalent to an imputed value of S\$0.11 per share of the Vendor, has also been utilised as a reference in evaluating the Purchase Consideration. This imputed value represents a premium of approximately 12.6% to the volume weighted average trading price for trades done on 26 July 2013, and a premium of 17.6%, 20.0% and 19.8% to the volume weighted average price in the past 30 days, 60 days and 90 days, respectively, prior to the signing of the S&P Agreement.

- 4.1.5. The Transaction will be financed by the Company's internal funds and external bank borrowings. The Directors have confirmed that as at the Latest Practicable Date, after taking into account the Group's internal and external sources of funds, and the effects of the Transaction, the Group has adequate working capital to meet its present operating requirements.

### 4.2. Completion Mechanism

- 4.2.1. The Purchase Consideration shall comprise of two (2) payment tranches, as follows:
  - (a) the first tranche of the Purchase Consideration (the "**First Tranche Payment**") shall be satisfied by the Company to the Vendor on Completion by way of:
    - (i) the part payment of the Cash Consideration of S\$63,728,702; and
    - (ii) the allotment and issuance of 173,805,550 Consideration Shares; and

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- (b) the second tranche of the balance Purchase Consideration (the “**Second Tranche Payment**”) shall be satisfied by the Company to the Vendor within approximately two (2) months after the Completion Date by way of:
  - (i) the payment of the remaining Cash Consideration of S\$9,625,000; and
  - (ii) the allotment and issuance of the remaining 26,250,000 Consideration Shares.

### 4.3. Proposed Distribution and Proposed Set-off Arrangement

- 4.3.1. Subject to (i) the approval of Vendor Shareholders at the Vendor EGM and (ii) compliance by the Vendor with all requirements and procedures under applicable laws (including the Companies Act) (the “**Companies Act Requirements**”), the Vendor shall distribute all or substantially all the Purchase Consideration to the Vendor Shareholders by way of (i) a distribution in specie of a portion of the Consideration Shares (the “**Special Dividend**”); and (ii) a distribution of the Cash Consideration and the remaining portion of the Consideration Shares via a capital reduction (the “**Capital Reduction**”) or Voluntary Liquidation (the “**Voluntary Liquidation**”) (as the case may be, depending on the approval of Vendor Shareholders) (collectively, the “**Proposed Distribution**”).

The Transaction is conditional upon the Vendor Shareholders concurrently approving the Special Dividend (but not the Capital Reduction or Voluntary Liquidation, as the case may be).

- 4.3.2. The Special Dividend will comprise the Vendor’s total distributable profits and retained earnings as at the Completion Date, taking into account the closing price of the Company’s Shares on the Completion Date.

The Special Dividend will be paid in the form of a distribution in specie of such number of Consideration Shares, having an aggregate value equivalent to the Vendor’s total allowable distributable profits and retained earnings as at the Completion Date, to Vendor Shareholders, in proportion to their respective shareholdings as at the Books Closure Date(s).

- 4.3.3. It is currently contemplated that the Vendor will effect the Special Dividend immediately after the Completion Date, and the Capital Reduction on or about the same time (if approved by Vendor Shareholders and subject always to compliance with the Companies Act Requirements).

In the event that Vendor Shareholders approve the Voluntary Liquidation instead of the Capital Reduction, the timing for the distribution under the Voluntary Liquidation will be dependent on the timing for the appointment of the liquidator and the time required by the liquidator to complete the liquidation process.

- 4.3.4. As at the Latest Practicable Date, the Company holds 13.18% of the total issued share capital of the Vendor (or 13.12%, assuming the full exercise of all share options under the Vendor’s ESOS). The Company will, accordingly, be entitled to proportionately participate in any distribution pursuant to the Special Dividend and if duly approved by Vendor Shareholders, the Capital Reduction (or the Voluntary Liquidation, as the case may be) (the “**Company’s Entitlement**”).

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- 4.3.5. The Parties have agreed that the Company's Entitlement may be set-off against the Purchase Consideration payable by the Company to the Vendor in connection with the Transaction (the "**Proposed Set-off Arrangement**").
- 4.3.6. In particular, in the event that the relevant Books Closure Date(s) falls prior to the expiry of two (2) months after the Completion Date, the Company's Entitlement shall be set off against the Company's obligation to pay the Second Tranche Payment with effect from the date(s) of the actual distribution by the Vendor (the "**Set-off Date**") and, in the event the amount or value of the Second Tranche Payment exceeds the Company's Entitlement, the Company shall satisfy the remaining portion of the Second Tranche Payment on the Set-off Date.
- 4.3.7. Pursuant to the Proposed Set-off Arrangement:
- (i) if Vendor Shareholders approve the Capital Reduction (or the Voluntary Liquidation, as the case may be), the Company will be entitled to set off its entitlement under both the Special Dividend and the Capital Reduction (or the Voluntary Liquidation, as the case may be) against the Second Tranche Payment;
  - (ii) however, if Vendor Shareholders only approve the Special Dividend but not the Capital Reduction (or the Voluntary Liquidation, as the case may be), the Company will only be entitled to set-off its entitlement under the Special Dividend against the Second Tranche Payment.

A detailed illustration of the Proposed Set-off Arrangement pursuant to (i) and (ii) above is set out in **Appendix 2(i) and Appendix 2(ii)**, respectively, for reference.

- 4.3.8. **For the purposes of illustration only**, assuming (i) Vendor Shareholders approve the Capital Reduction; (ii) the full exercise of all share options under the Vendor's ESOS; and (iii) that Completion took place on 30 September 2013:
- (a) the total dividend distributable by the Vendor would be approximately S\$74.2 million (ie. taking into account accumulated losses of the Vendor amounting to approximately S\$26.5 million and the closing price of the Shares of S\$0.88 as at 30 September 2013), and the Vendor could, correspondingly, distribute up to 84,000,000 Consideration Shares pursuant to the Special Dividend, of which the Company's notional proportionate entitlement would comprise 11,021,939 Consideration Shares (based on its 13.12% shareholding in the Vendor, ie. assuming the full exercise of options under the Vendor's ESOS);
  - (b) the balance Cash Consideration (taking into account applicable costs and expenses) and the remaining 116,055,550 Consideration Shares, would be available for distribution to Vendor Shareholders and the Company would be entitled to set off its entitlement under both the Special Dividend and the Capital Reduction against the Second Tranche Payment pursuant to the Proposed Set-off Arrangement;
  - (c) accordingly:
    - (i) on the Completion Date, the Company would proceed to effect the First Tranche Payment to the Vendor;

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- (ii) on or promptly after the Completion Date, the Vendor shall proceed to distribute 72,978,061 Consideration Shares to Vendor Shareholders (excluding the Company), pursuant to the Special Dividend;
- (iii) as soon as possible but in any event within approximately two (2) months after the Completion Date:
  - (aa) the Vendor shall proceed to distribute the balance Cash Consideration (taking into account applicable costs and expenses) and the balance 100,827,489 Consideration Shares to Vendor Shareholders (excluding the Company), pursuant to the Capital Reduction; and
  - (bb) the Company will concurrently be entitled to set off its entitlement under both the Special Dividend and the Capital Reduction against the Second Tranche Payment and will only be required to pay the balance of the Second Tranche Payment (if any) to the Vendor on the Set-off Date.

#### **4.4. Conditions Precedent**

##### **4.4.1. Conditions Precedent for the Completion**

The agreement to sell and purchase the Sale Shares and to transfer and/or novate the Sale Assets is conditional upon, and Completion shall not take place until, the following conditions have been fulfilled on or prior to the Completion Date:

- (a) all licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings as may be necessary with any third party, governmental or regulatory body or relevant competent authority for the entry into and completion of the S&P Agreement by the Parties, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked;
- (b) Approval-In-Principle being granted by the SGX-ST for the listing of and quotation for the Consideration Shares on the SGX-ST, and such approval not having been revoked or amended;
- (c) all warranties provided by the Parties (as the case may be) under the S&P Agreement being complied with, and being true, accurate and correct in all material respects as at the date of the S&P Agreement and each day up to and including the Completion Date with reference to the circumstances then existing;
- (d) the execution and performance of the S&P Agreement by the Parties hereto not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority;
- (e) no proceedings, applications, petitions or summons having been started or threatened, nor any steps taken thereto by any person with a view to the winding-up of the Company, the Vendor or any company in the Target Group or for the appointment of a receiver, trustee or similar officer over any of them or their respective undertakings, properties or assets; and
- (f) the satisfactory compliance by the Parties with all provisions of the S&P Agreement.

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### 4.4.2. Company's Conditions Precedent

The obligations of the Company under the S&P Agreement are further conditional upon the following matters being fulfilled or done (or waived in writing by the Company):

- (a) the approval of the Vendor Shareholders for the Transaction and the Special Dividend having been obtained, but excluding any requisite approvals from the Vendor Shareholders as may be required or contemplated in respect of the Capital Reduction (or the Voluntary Liquidation, as the case may be);
- (b) no material adverse change in the prospects, operations or financial conditions of the Target Group occurring on or before the Completion Date;
- (c) the Company being satisfied, in its reasonable discretion, that the Target Group Business has been carried on in a satisfactory manner, and all approvals and consents required for the Target Group Business have been obtained, and are and shall remain valid and effective on Completion and not withdrawn or amended;
- (d) the completion of the transfer from the Vendor to the Target Company of all rights, title and interest in and to the Patent in all relevant jurisdictions;
- (e) the valid and enforceable novation of the Customer Contract from the Vendor to the Target Company;
- (f) the valid and enforceable novation of the Concession Arrangement Contract from the Vendor to the Target Company;
- (g) the valid and enforceable transfer of the Hire-purchase Vehicle from the Vendor to the Target Company;
- (h) the valid and enforceable assignment of the Net Receivables from the Vendor to the Company;
- (i) the procurement by the Vendor that each of Ge Hailin (NRIC No. S2609847E) and Pan Shuhong (NRIC No. S6881522C) signs a five (5)-year service contract with the Company in accordance with the provisions of the S&P Agreement; and
- (j) due execution of the Vendor Moratorium Undertakings (as defined below).

### 4.4.3. Vendor's Conditions Precedent

The obligations of the Vendor under the S&P Agreement are further conditional upon the following matters being fulfilled or done (or waived in writing by the Vendor):

- (a) the approval of the Shareholders for the transactions contemplated under the S&P Agreement, including the allotment and issuance of the Consideration Shares, upon the terms and conditions set out in the S&P Agreement (or upon such other terms and conditions as may be mutually agreed between the Parties) having been obtained; and
- (b) the Vendor's liabilities under all the Existing Guarantees being fully and finally discharged on Completion.

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### 4.4.4. Non-Satisfaction, Waiver and Termination

- (a) The Company may at any time waive in whole or in part and conditionally or unconditionally the Company's conditions precedent pursuant to the S&P Agreement by notice in writing to the Vendor;
- (b) the Vendor may at any time waive in whole or in part and conditionally or unconditionally the Vendor's conditions precedent pursuant to the S&P Agreement by notice in writing to the Company;
- (c) the Parties undertake to use all reasonable endeavours to ensure the satisfaction of the conditions pursuant to the S&P Agreement to be fulfilled by each of them as may be relevant, prior to the Designated Date; and
- (d) if any of the conditions pursuant to the S&P Agreement is not satisfied or waived on or before the Long Stop Date, the non-defaulting Party may, in its sole discretion, terminate the S&P Agreement (save that the Parties' obligation in relation to confidentiality shall survive the termination of the S&P Agreement) and neither Party shall have any claim against the other under it, save for any claim by the non-defaulting Party against the other arising from antecedent breaches of the terms thereof.

### 4.5. Other salient terms of the Transaction

#### 4.5.1. Irrevocable Undertakings

##### 4.5.1.1. KKR Conversion Undertaking in respect of Partial Conversion of Convertible Bonds

As at the Latest Practicable Date, KKR (the single largest Shareholder, who held 98,536,000 Shares, representing 16.58% of the issued share capital of the Company, and Convertible Bonds of US\$113.8 million in aggregate principal amount) has irrevocably undertaken to the Company (the "**KKR Conversion Undertaking**") to deposit a duly executed notice (the "**KKR Conversion Notice**") in relation to the KKR Conversion, after the Requisite Shareholders' Approvals are obtained and before the Completion Date.

In consideration thereof, the Company has irrevocably undertaken to KKR that, notwithstanding any provision in the Convertible Bond Terms to the contrary:

- (a) in the event that Completion does not take place for any reason whatsoever on or prior to the Long Stop Date, the KKR Conversion Notice will automatically lapse and be revoked (and the KKR Conversion will not take place), such that KKR will not be obliged to effect the KKR Conversion, and the Company will return the KKR Conversion Notice to KKR and will not allot and issue the KKR Conversion Shares; and
- (b) in the event that Completion takes place on or prior to the Long Stop Date, the Company will be obliged to allot and issue the KKR Conversion Shares, immediately upon Completion (and in any event, not later than the Completion Date).

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### 4.5.1.2. Undertakings to Vote in Favour of the Transaction

- (a) KKR and a substantial Shareholder, Lin Yucheng, who in aggregate hold 28.66% of the issued share capital of the Company as at the Latest Practicable Date, have each undertaken to the Vendor to vote or procure their nominees/proxies to vote all their Shares in favour of the Transaction at the EGM. Such undertakings shall lapse (i) on Completion, (ii) on the Long Stop Date, (iii) if for whatever reason, other than as a result of breach of their obligations under the undertakings, (a) the resolution for the Transaction at the EGM is not passed or (b) the S&P Agreement lapses or is terminated without Completion, or (iv) if the Company consents to any revision or amendment to the S&P Agreement without their prior consent in writing.
- (b) The substantial shareholders of the Vendor, Pan Shuhong and Ge Hailin, who in aggregate hold 36.47% of the issued share capital of the Vendor as at the Latest Practicable Date, have each undertaken to the Company to vote or procure their nominees/proxies to vote all their shares in the Vendor in favour of the Transaction at the Vendor EGM. Such undertakings shall lapse if for whatever reason, other than as a result of breach of their obligations under the undertakings, (i) the resolution for the Transaction at the extraordinary general meeting is not passed, or (ii) the Transaction is withdrawn, lapses or closes.

### 4.5.1.3. Undertakings in respect of Composition of the Board

- (a) The Vendor, Pan Shuhong and Ge Hailin have each undertaken to the Company (in their capacities as Shareholders) that, for a two (2)-year period commencing from the Completion Date, they (i) will not requisition, or procure any of their nominees and/or proxies to requisition, for a general meeting to in any way re-constitute the Board; and (ii) will abstain, and procure that their nominees and/or proxies will abstain, from voting on any resolution in relation to any change in the Board;
- (b) Pan Shuhong and Ge Hailin have each further undertaken to the Company (in their capacities as Vendor Shareholders) that they will exercise their respective voting rights as Vendor Shareholders to ensure that the Vendor complies with its undertaking as set out in (a) above;
- (c) KKR and Lin Yucheng have each undertaken to the Company (in their capacities as Shareholders) that, for a two (2)-year period commencing from the Completion Date, they will vote against, and procure any of their nominees and/or proxies to vote against, any resolution in relation to any change in the Board as nominated by the Vendor, Pan Shuhong or Ge Hailin; and
- (d) the Company shall not waive any obligations of (i) Pan Shuhong and Ge Hailin under the undertakings referred to in (a) and (b) above; and (ii) KKR and Lin Yucheng under the undertakings referred to in (c) above, in each case, without the prior written consent of the SGX-ST.

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### 4.5.2. Vendor's Undertakings

4.5.2.1. The Vendor has undertaken to the Company to procure, *inter alia*, that pending Completion:

- (a) Ge Hailin shall sign a five (5)-year service contract to serve as vice president and chief technology officer of the Company, upon the terms and conditions to be agreed between him and the Company, provided always that such terms and conditions shall be no more favourable than those under his service agreement with the Vendor;
- (b) Pan Shuhong shall sign a five (5)-year service contract to serve as vice president and chief investment officer of the Company, upon the terms and conditions to be agreed between her and the Company, provided always that such terms and conditions shall be no more favourable than those under her service agreement with the Vendor; and
- (c) each of Ge Hailin and Pan Shuhong shall sign undertakings, pursuant to which they shall undertake to the Company that, save for their respective existing shareholdings in the Company of 0.34% (representing 2,000,000 Shares) and 4.05% (representing 24,034,800 Shares) as at the date of the S&P Agreement, commencing from Completion and (aa) for so long as KKR continues to be a convertible bond holder and/or Shareholder and its total shareholding (including its convertible bonds on a fully converted basis) does not fall below five per cent (5%) of the total number of issued shares in the Company or (bb) until the date falling five (5) calendar years from Completion, whichever is earlier, each of them will not, directly or indirectly:
  - (i) offer;
  - (ii) sell, transfer, give or otherwise dispose of;
  - (iii) grant any option, right or warrant to purchase in respect of;
  - (iv) charge, mortgage, pledge or otherwise create any encumbrance over; or
  - (v) enter into any swap or other arrangement that transfer to another, in whole or in part,

any of the legal, beneficial or economic consequences of ownership of or any interest in an aggregate of seventy five per cent. (75%) of the Shares in the Company received by each of them respectively pursuant to the Special Dividend and Capital Reduction (or Voluntary Liquidation, as the case may be) or enter into any agreement with a view to effecting any of the foregoing (the "**Vendor Moratorium Undertakings**").

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**4.5.2.2.** The Vendor has undertaken to the Company that, for a period of five (5) years post-Completion, it shall not:

- (i) persuade or attempt to persuade any potential customer or client to which any of the Target Group has made a presentation, or with which any of the Target Group has been in negotiations or having discussions, not to deal with or hire any of the Target Group or to deal with or hire another company; and/or
- (ii) solicit for itself or any person other than the Target Group the business of any customer or client of any of the Target Group.

**4.5.2.3.** The Vendor has further undertaken to the Company that it shall effect a change of its name with effect from the earlier of, (i) twelve (12) months from the date of the general meeting to be convened by the Vendor seeking approval of its shareholders for the Proposed Distribution, or (ii) the acquisition of a new business by the Vendor, and the Vendor shall not use the trademark of “*Memstar*” in any manner whatsoever after such change of name.

### **4.5.3. Company’s Undertakings and Obligations**

**4.5.3.1.** The Company has undertaken to the Vendor, *inter alia*, that:

- (i) it will procure that KKR provides the KKR Conversion Undertaking to the Company prior to the Completion Date;
- (ii) it will not waive any obligation of KKR under the KKR Conversion Undertaking without the prior written consent of the SGX-ST and the Vendor; and
- (iii) it will procure that KKR shall sign an undertaking, pursuant to which KKR shall undertake to the Company that it will not, directly or indirectly, sell, transfer or otherwise dispose of any or all the ordinary Shares held by it, for a period commencing on and from the Completion Date and expiring on a date falling six (6) months thereafter (the “**KKR Moratorium Undertaking**”).

**4.5.3.2.** Subject to the Requisite Shareholders’ Approvals being obtained at the respective extraordinary general meetings to be convened by the Company and the Vendor, the Company shall, against compliance by the Vendor with its obligations under the S&P Agreement, use its best endeavours to procure that, prior to the Completion Date, KKR deposits the KKR Conversion Notice at the registered office of the Company.

**4.5.3.3.** The Company has further undertaken to the Vendor that, notwithstanding any provision to the contrary in the Convertible Bond Terms in relation to the timing for the deposit by KKR of the KKR Conversion Notice and the timing for the allotment and issuance by the Company of all the KKR Conversion Shares to KKR, following receipt by the Company of the KKR Conversion Notice prior to the Completion Date, the Company shall allot and issue all the KKR Conversion Shares to KKR immediately after Completion and no later than the Completion Date.

Notwithstanding any provision to the contrary in the S&P Agreement, in the event that Completion does not take place for any reason whatsoever on or prior to the Long Stop Date, the KKR Conversion Notice shall automatically lapse and be revoked (and the KKR Conversion will not take place), such that KKR will not be obliged to effect the KKR Conversion and the Company will not be obliged to issue and allot the KKR Conversion Shares to KKR, notwithstanding any provisions in the Convertible Bond Terms to the contrary.

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### 5. MAJOR TRANSACTION

#### 5.1. Relative Figures as Computed under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of the Company in respect of acquisitions and realisations. Under Rules 1013 and 1014 of the Listing Manual, Shareholders' approval must be sought for "major transactions". Rule 1006 of the Listing Manual ("**Rule 1006**") sets out the bases of computation. Shareholders' approval is required if any of the relative figures computed on the bases set out in Rule 1006 exceed twenty per cent. (20%), such transaction being classified as a "major transaction".

For the purposes of Chapter 10 of the Listing Manual, and in particular Rule 1005 of the Listing Manual, under which separate transactions completed within the last twelve (12) months may be required to be aggregated and treated as if they were one transaction, the relative figures in relation to the Transaction, the January Transaction, and on an aggregated basis, computed on the applicable bases of comparison in Rule 1006, are set out below:

Rule 1006	Bases	Relative Figures attributable to the Transaction (%)	Relative Figures attributable to the January Transaction (%)	Relative Figures on an aggregated basis (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable to an acquisition of assets	Not applicable to an acquisition of assets	Not applicable to an acquisition of assets
(b)	Net profits of S\$17,781,000 attributable to the assets <sup>(1)</sup> acquired compared with the Group's net profits of S\$38,858,000 for the period from 1 October 2012 to 30 September 2013 <sup>(2)</sup>	45.76	5.04	50.80
(c)	Aggregate value of the Purchase Consideration of S\$293,414,807 <sup>(3)</sup> given or received, compared with the Company's market capitalisation of S\$602,033,955.60 as at 26 July 2013, being the Market Day preceding the date of the S&P Agreement during which the Shares were traded <sup>(4)</sup>	48.74	14.26	63.00
(d)	200,055,550 equity securities to be issued as consideration for the acquisition, compared with the 594,132,000 equity securities previously issued <sup>(5)</sup>	33.67	3.77	37.44

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### Notes:

- (1) Assets comprise of the Sale Shares and the Sale Assets.
- (2) "Net profits" is defined as profit or loss before income tax, minority interests, and extraordinary items for the period from 1 October 2012 to 30 September 2013.

Net profits for the Group has been calculated based on (a) the consolidated audited net profits for the financial year from 1 April 2012 to 31 March 2013; (b) the latest announced consolidated unaudited net profits for the period from 1 April 2013 to 30 September 2013, and (c) less consolidated unaudited net profits of the Group for the period from 1 April 2012 to 30 September 2012.

Net profits attributable to the assets acquired has been calculated based on (a) the audited consolidated net profits for the financial year from 1 July 2012 to 30 June 2013; (b) the latest announced consolidated unaudited net profits of the Group for the period from 1 July 2013 to 30 September 2013; and (c) less consolidated unaudited net profits of the Group for the period from 1 July 2012 to 30 September 2012.

- (3) For further details in relation to the basis for arriving at the aggregate value of the Purchase Consideration, please refer to section 4.1.4 above.
- (4) The market capitalisation is calculated based on S\$1.0133 per Share, being the volume weighted average price of the Shares traded on 26 July 2013, multiplied by the 594,132,000 Shares in issue on 26 July 2013.
- (5) Based upon up to 200,055,550 Consideration Shares to be issued as at the date of the S&P Agreement.

As the relative figures under Rule 1006 (b), (c), and (d) exceed twenty per cent. (20%), the Transaction constitutes a major transaction for the Company as defined in Chapter 10 of the Listing Manual. Accordingly, the Transaction is subject to the approval of Shareholders.

### **5.2. No Change in Control under Rule 1015 of the Listing Manual**

Shareholders should note further that the Transaction will not result in a change in Control of the Company, and will thereby not constitute a reverse take-over under the ambit of Rule 1015 of the Listing Manual, on the following basis:

#### **5.2.1. No change in controlling Shareholder**

There will not be any change in controlling Shareholder, as KKR will remain the single largest Shareholder of the Company after Completion based on the following:

- (i) KKR has provided the KKR Conversion Undertaking (as further detailed under section 4.5.1.1), such that its resultant shareholding interests in the Company on the Completion Date (immediately after Completion and after Conversion) will be greater than all the Shares held by the Vendor, Pan Shuhong and Ge Hailin, in aggregate; and
- (ii) KKR has provided the KKR Moratorium Undertaking (as further detailed under section 4.5.3.1).

#### **5.2.2. No change in Control of the Board**

There will not be any change in Control of the Board, as the respective parties, namely Lin Yucheng, KKR, the Vendor, Pan Shuhong and Ge Hailin, have provided undertakings in respect of the composition of the Board (as further detailed under section 4.5.1.3).

Further, the Vendor, Pan Shuhong and/or Ge Hailin do not have any contractual rights under the S&P Agreement or otherwise to appoint their nominees to the Board.

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### 5.2.3. Provision of written confirmations

The following shareholders of the Company and/or the Vendor have also provided the following written confirmations to the Company that:

- (i) each of Lin Yucheng, KKR, Goh Ching Wah, Pan Shuhong and Ge Hailin does not hold shares on behalf of any person(s) in the Company and/or the Vendor and is not accustomed to act on the instructions on behalf of any other person(s) on the Company and/or the Vendor;
- (ii) no person holds shares in the Company and/or the Vendor on behalf of, or is accustomed to act on the instructions of, each of Pan Shuhong, Ge Hailin and the other members of the Vendor's management; and
- (iii) each of Lin Yucheng, KKR, Goh Ching Wah, Wang Ning, Lee Suan Hiang, Pan Shuhong, Ge Hailin and the other members of the Vendor's management does not have any agreement, arrangement or understanding with (a) any of the others, his/her respective associates and concert parties, and its associates and concert parties; and/or (b) the Vendor, to co-operate in obtaining or consolidating effective control of the Company in relation to their voting shares in the Company.

## 6. FINANCIAL EFFECTS OF THE TRANSACTION

The financial effects of the Transaction below are for illustrative purposes only and may not reflect the actual future financial situation of the Company after the completion of the Transaction. The financial effects are based on the audited financial statements of the Company for FY 2013 and assuming that:

- (a) for the purpose of computing the EPS of the Company after the completion of the Transaction, it is assumed that the Transaction was completed on 1 October 2012;
- (b) for the purpose of computing the net asset value per share after the completion of the Transaction, it is assumed that the Transaction was completed on 30 September 2013;
- (c) for the purposes of computing the financial effects, the exchange rate of S\$1: RMB4.88 (as at 30 September 2013) was used; and
- (d) for the purpose of computing the number of Consideration Shares to be distributed by the Vendor pursuant to the Special Dividend and the Capital Reduction (or Voluntary Liquidation, as the case may be), it is assumed that the Transaction was completed on 30 September 2013, whereby the total allowable dividend distributable by the Vendor would be approximately S\$74.2 million (taking into account accumulated losses of the Vendor amounting to approximately S\$26.5 million and the closing price of the Shares of S\$0.88 as at 30 September 2013), such that the total number of Consideration Shares which may be distributed by the Vendor via the Special Dividend would be 84,000,000 Consideration Shares (based on the closing price of the Shares of S\$0.88 as at 30 September 2013).

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### 6.1. Share Capital

The effect of the completion of the Transaction (taking into account the Proposed Distribution) on the share capital of the Company is illustrated as follows:

	Number of issued Shares							
	Scenario 1 (ie. post-KKR Conversion and post-Special Dividend, assuming no exercise of Outstanding Options)	Scenario 2 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming no exercise of Outstanding Options)	Scenario 3 (ie. post-KKR Conversion and post-Special Dividend, assuming full exercise of Outstanding Options)	Scenario 4 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full exercise of Outstanding Options)	Scenario 5 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 6 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)	Scenario 7 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 8 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)
Issued and paid up share capital as at 30 September 2013 (number of Shares)	594,132,000	594,132,000	594,132,000	594,132,000	594,132,000	594,132,000	594,132,000	594,132,000
Number of Consideration Shares	189,033,611	173,805,550	189,033,611	173,805,550	189,033,611	189,033,611	173,805,550	173,805,550
Enlarged share capital after the Transaction (number of Shares)	920,120,799	904,892,738	993,420,799	978,192,738	1,088,165,618	1,161,465,618	1,072,937,557	1,146,237,557

## LETTER TO SHAREHOLDERS

		Number of issued Shares							
		Scenario 1 (ie. post-KKR Conversion and post-Special Dividend, no exercise of Outstanding Options)	Scenario 2 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming no exercise of Outstanding Options)	Scenario 3 (ie. post-KKR Conversion and post-Special Dividend, assuming full exercise of Outstanding Options)	Scenario 4 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full exercise of Outstanding Options)	Scenario 5 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 6 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)	Scenario 7 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 8 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)
Consideration Shares/existing issued share capital (number of Shares) (%)	31.82	31.82	29.25	31.82	29.25	31.82	31.82	29.25	29.25
Consideration Shares/enlarged issued share capital (number of Shares) (%)	20.54	19.21	19.03	17.77	17.37	16.28	16.20	15.16	

## LETTER TO SHAREHOLDERS

### 6.2. NTA

The effect of the completion of the Transaction (taking into account the Proposed Distribution) on the NTA of the Company is illustrated as follows:

	Before the Transaction:—	After the completion of the Transaction:—											
		Scenario 1 (ie. post-KKR Conversion and post-Special Dividend)	Scenario 2 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation)	Scenario 3 (ie. post-KKR Conversion and post-Special Dividend, assuming full exercise of Outstanding Options)	Scenario 4 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full exercise of Outstanding Options)	Scenario 5 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 6 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)	Scenario 7 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 8 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)				
As at 30 September 2013													
NTA (S\$)	285,373,000	384,509,453	384,509,453	422,092,403	422,092,403	452,878,348	422,092,403	452,878,348	490,461,298	490,461,298	452,878,348	490,461,298	490,461,298
Number of Shares	594,132,000	920,120,799	904,892,738	993,420,799	978,192,738	1,088,165,618	978,192,738	1,088,165,618	1,161,465,618	1,161,465,618	1,072,937,557	1,146,237,557	1,146,237,557
NTA per Share (cents)	48.03	41.79	42.49	42.49	43.15	41.62	43.15	41.62	42.23	42.23	42.21	42.79	42.79

## LETTER TO SHAREHOLDERS

### 6.3. EPS

The effect of the completion of the Transaction (taking into account the Proposed Distribution) on the EPS of the Company is illustrated as follow:

	Before the Transaction:--	After the completion of the Transaction:--											
		Scenario 1 (ie. post-KKR Conversion and post-Special Dividend)	Scenario 2 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation)	Scenario 3 (ie. post-KKR Conversion and post-Special Dividend, assuming full exercise of Outstanding Options)	Scenario 4 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full exercise of Outstanding Options)	Scenario 5 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 6 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)	Scenario 7 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 8 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)				
As at 30 September 2013													
Net profit after tax (S\$)	28,419,000	44,768,279	44,768,279	48,868,279	48,868,279	50,374,915	50,374,915	54,474,915	54,474,915	50,374,915	54,474,915		
Weighted average number of Shares	546,079,000	872,067,799	856,839,738	945,367,799	930,139,738	1,040,112,618	1,024,884,557	1,113,412,618	1,113,412,618	1,024,884,557	1,098,184,557		
EPS per Share (cents)	5.20	5.13	5.22	5.17	5.25	4.84	4.89	4.92	4.96				

## LETTER TO SHAREHOLDERS

### 6.4. Gearing

The effect of the completion of the Transaction (taking into account the Proposed Distribution) on the Gearing of the Company is illustrated as follows:

	Before the Transaction:–	After the completion of the Transaction:–							
		Scenario 1 (ie. post-KKR Conversion and post-Special Dividend)	Scenario 2 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation)	Scenario 3 (ie. post-KKR Conversion and post-Special Dividend, assuming full exercise of Outstanding Options)	Scenario 4 (ie. post-KKR Conversion, post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full exercise of Outstanding Options)	Scenario 5 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 6 (ie. post-Special Dividend, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)	Scenario 7 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and no exercise of Outstanding Options)	Scenario 8 (ie. post-Special Dividend and post-Capital Reduction/ Voluntary Liquidation, assuming full conversion of Convertible Bonds and full exercise of Outstanding Options)
As at 30 September 2013									
Total borrowings <sup>(1)</sup> (\$)	55,739,000	85,842,000	85,842,000	85,842,000	85,842,000	85,842,000	85,842,000	85,842,000	85,842,000
Shareholders' equity <sup>(2)</sup>	276,272,000	510,488,459	497,087,765	552,171,409	538,770,715	579,307,496	620,990,446	565,906,802	607,589,752
Gearing Ratio <sup>(3)</sup> (%)	20.18	16.82	17.27	15.55	15.93	14.82	13.82	15.17	14.13

**Notes:**

- (1) Total borrowings refer to borrowings from financial institutions of the Group, including bank overdrafts, lease liabilities and term loans but excludes contingent liabilities and convertible bonds and bonds.
- (2) Shareholders' equity is represented by the aggregate of the issued and paid-up share capital and reserves of the Group.
- (3) Gearing ratio is computed by dividing the total borrowings with the Shareholders' equity.

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## LETTER TO SHAREHOLDERS

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### 7. VALUE OF THE SALE SHARES AND THE SALE ASSETS

#### 7.1. NTA Value

The unaudited net tangible asset value and net asset value as at 30 September 2013 and latest available open market value as at 30 September 2013 attributable to the Sale Shares and Sale Assets were S\$116,770,050<sup>(1)</sup> and S\$233,711,046<sup>(2)</sup>, respectively.

**Notes:-**

- (1) For the purposes of computing the unaudited net tangible asset value and the net asset value, the exchange rate of S\$1: RMB4.88 (as at 30 September 2013) was used.
- (2) The market capitalisation is calculated based on S\$0.088 per share, being the closing price of the shares traded on 30 September 2013.

#### 7.2. Net Profits

The net profits<sup>(1)</sup> attributable to the Sale Shares and the Sale Assets for the period commencing on 1 April 2012 and ended on 31 March 2013 was S\$17,788,260<sup>(2)</sup>.

**Notes:-**

- (1) "Net profits" is defined as profit or loss before income tax, minority interests, and extraordinary items.
- (2) For the purposes of computing the net profits, the exchange rate of S\$1: RMB4.88 (as at 30 September 2013) was used.

### 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 8.1. Shareholding Interests

##### 8.1.1. Shareholding Interests of Directors and Substantial Shareholders

The Company has set out in **Appendix 3A** the shareholding interests of the Directors and the Substantial Shareholders in the capital of the Company and Vendor as at the Latest Practicable Date.

In addition, Lee Suan Hiang, who is an independent director of the Company, is also an independent director of the Vendor, and has abstained from deliberating and voting in relation to the board resolutions approving the Transaction, and abstained from making a recommendation to the Shareholders in relation to the Transaction.

##### 8.1.2. Shareholding Interests of Pan Shuhong and Ge Hailin

As at the Latest Practicable Date,

- (a) Pan Shuhong holds (i) 4.05% of the shareholding interests in the Company; and (ii) 30.91% of the shareholding interests in the Vendor; and
- (b) Ge Hailin holds, (i) 0.34% of the shareholding interests in the Company; and (ii) 5.57% of the shareholding interests in the Vendor.

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## LETTER TO SHAREHOLDERS

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As neither Pan Shuhong nor Ge Hailin is (i) a Director, the chief executive officer, or Controlling Shareholder of the Company, or (ii) an associate of any such Director, chief executive officer or Controlling Shareholder of the Company, the Transaction does not constitute an interested person transaction under Chapter 9 of the Listing Manual. However, both Pan Shuhong and Ge Hailin will abstain from voting in relation to the resolutions to be proposed at the EGM, on the basis that they are, respectively, a director-cum-controlling shareholder, and chief executive officer-cum-substantial shareholder, of the Vendor.

Notwithstanding the above, Pan Shuhong and Ge Hailin will not be abstaining from voting (in their capacities as Vendor Shareholders) in relation to the resolutions to be proposed at the Vendor EGM, for the following reasons:

- (a) the Transaction does not constitute an interested person transaction in relation to the Vendor, as defined under Chapter 9 of the Listing Manual, as the Company is not an associate of either Pan Shuhong or Ge Hailin, which, as defined in the Listing Manual, requires them to hold an interest of 30% or more in the Company;
- (b) each of Pan Shuhong and Ge Hailin is not otherwise prohibited in law from voting at the Vendor EGM, as a shareholder of the Vendor; and
- (c) each of Pan Shuhong and Ge Hailin is not receiving any personal benefit from the Transaction that is not equally available to the other shareholders of the Company and/or the Vendor, i.e. on a proportionate basis to their respective shareholdings in these companies.

In particular, although Pan Shuhong and Ge Hailin will each be entering into management service contracts with the Company following Completion (as further detailed in section 8.2.2 below), the S&P Agreement expressly provides that these management service contracts must be on such terms and conditions no more favourable than those under their existing service agreements with the Vendor.

### **8.2. Service Contracts**

#### **8.2.1. Directors Service Contracts**

No person is proposed to be appointed as Director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any person as Director of the Company.

#### **8.2.2. Management Service Contracts**

- (a) **Ge Hailin** shall sign a five (5)-year service contract to serve as vice president and chief technology officer of the Company, upon the terms and conditions to be agreed between him and the Company, which shall be on such terms and conditions no more favourable than those under his existing service agreement with the Vendor.

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## LETTER TO SHAREHOLDERS

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- (b) **Pan Shuhong** shall sign a five (5)-year service contract to serve as vice president and chief investment officer of the Company, upon the terms and conditions to be agreed between her and the Company, which shall be on such terms and conditions no more favourable than those under her existing service agreement with the Vendor.

Save as disclosed in sections 4.5.1.1 and 8 and **Appendix 3** of this Circular, none of the Directors or any Substantial Shareholders has any interests, direct or indirect (other than through their shareholdings in the Company), in the Transaction.

### 9. APPROVALS OF THE SGX-ST

Approval-In-Principle for the listing of the Consideration Shares on the main board of the SGX-ST has been granted by the SGX-ST on 9 January 2014, subject to the following conditions being fulfilled:-

- (a) compliance with SGX-ST's listing requirements and guidelines;
- (b) Shareholders' approval being obtained for the Transaction and the Issuance of the Consideration Shares; and
- (c) the completion of the Transaction will not result in a change of control of the Company.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular. The Approval-In-Principle of the SGX-ST is not to be taken as an indication of the merit of the Transaction or the Company.

### 10. SHAREHOLDERS' APPROVAL FOR ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES

A mandate was given by Shareholders at the annual general meeting of the Company on 29 July 2013 (the "**Mandate**"), whereby the Directors of the Company were authorised and empowered to issue Shares, provided that the aggregate number of new Shares to be issued pursuant to such authority shall not exceed fifty per cent. (50%) of issued Shares excluding treasury shares and that the aggregate number of new Shares to be issued other than on a pro-rata basis to existing Shareholders shall not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares.

As the number of Consideration Shares pursuant to the Transaction will exceed the Mandate, and as the allotment and issuance of Consideration Shares to the Vendor will result in the Vendor holding more than fifteen per cent. (15%) of all the Shares (assuming the Convertible Bonds and the Outstanding Options are not exercised) the Company will be seeking Shareholders' approval for the allotment and issuance of Consideration Shares at the Issue Price to the Vendor at the EGM, pursuant to Rules 803 and 811 of the Listing Manual.

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## LETTER TO SHAREHOLDERS

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### 11. DIRECTORS' RECOMMENDATIONS

The Directors (excluding Lee Suan Hiang), having carefully considered the terms and rationale of the Transaction, are of the view that the Transaction is in the best interests of the Group and is not prejudicial to Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions (1) and (2) to be proposed at the EGM.

### 12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 57 of this Circular, is being convened at Amara Hotel, Connection 2, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on 12 February 2014 at 5.00 p.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the ordinary resolution(s) set out therein.

Your attention is drawn to the notice of EGM, which is set out on page 57 of this Circular.

### 13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transaction, and the Group and Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Circular up to and including the date of EGM:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the Announcements;

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## LETTER TO SHAREHOLDERS

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- (iii) the annual report of the Company for FY2013;
- (iv) the irrevocable undertaking of the Vendor;
- (v) the irrevocable undertakings of the Company;
- (vi) the irrevocable undertakings of Lin Yucheng;
- (vii) the irrevocable undertakings of KKR;
- (viii) the irrevocable undertakings of Pan Shuhong;
- (ix) the irrevocable undertakings of Ge Hailin;
- (x) the S&P Agreement; and
- (xi) the Supplemental Agreements.

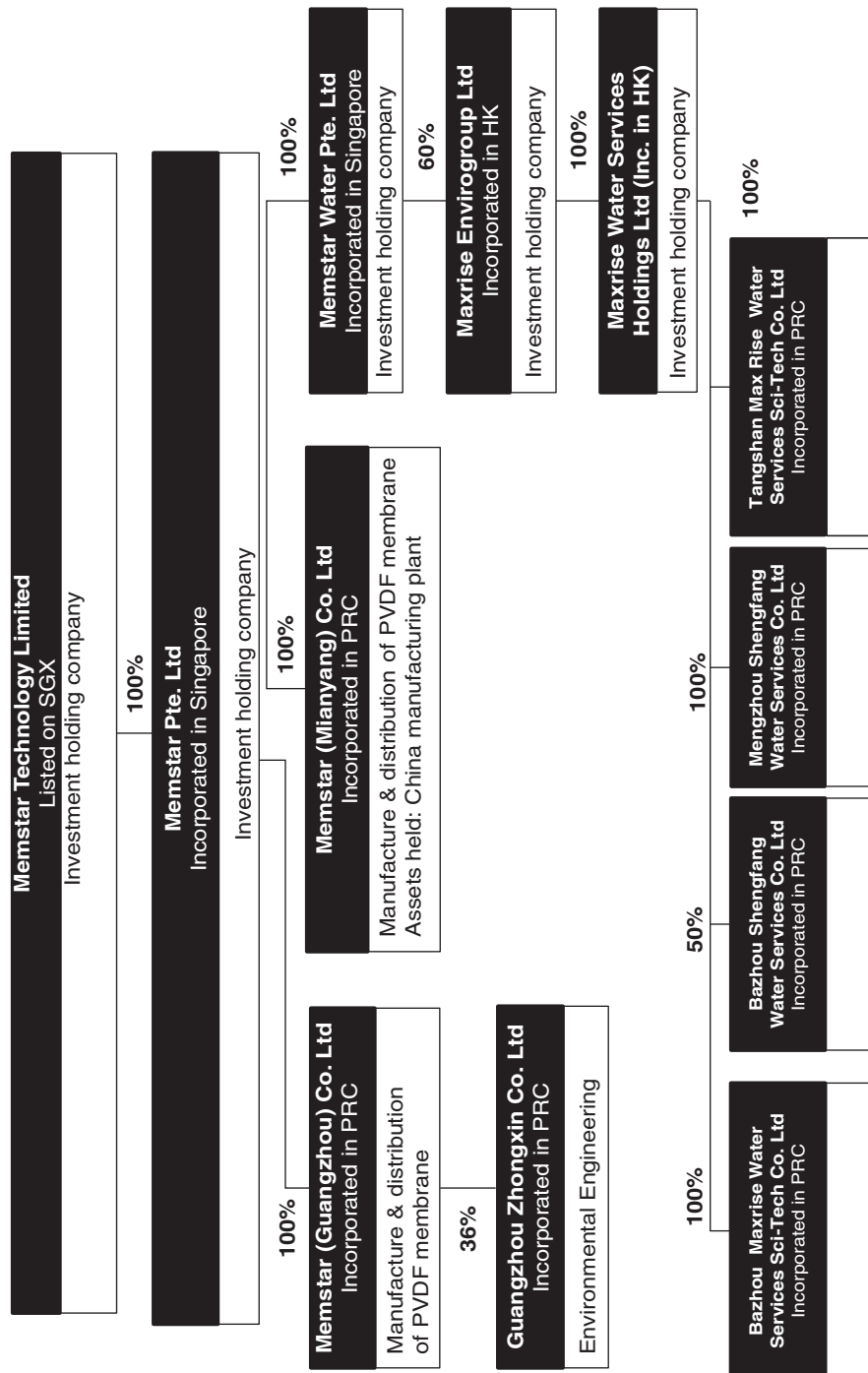
Yours faithfully

For and on behalf of the Board of Directors of  
**United Envirotech Ltd**

Dr. Lin Yucheng  
Chairman and Chief Executive Officer

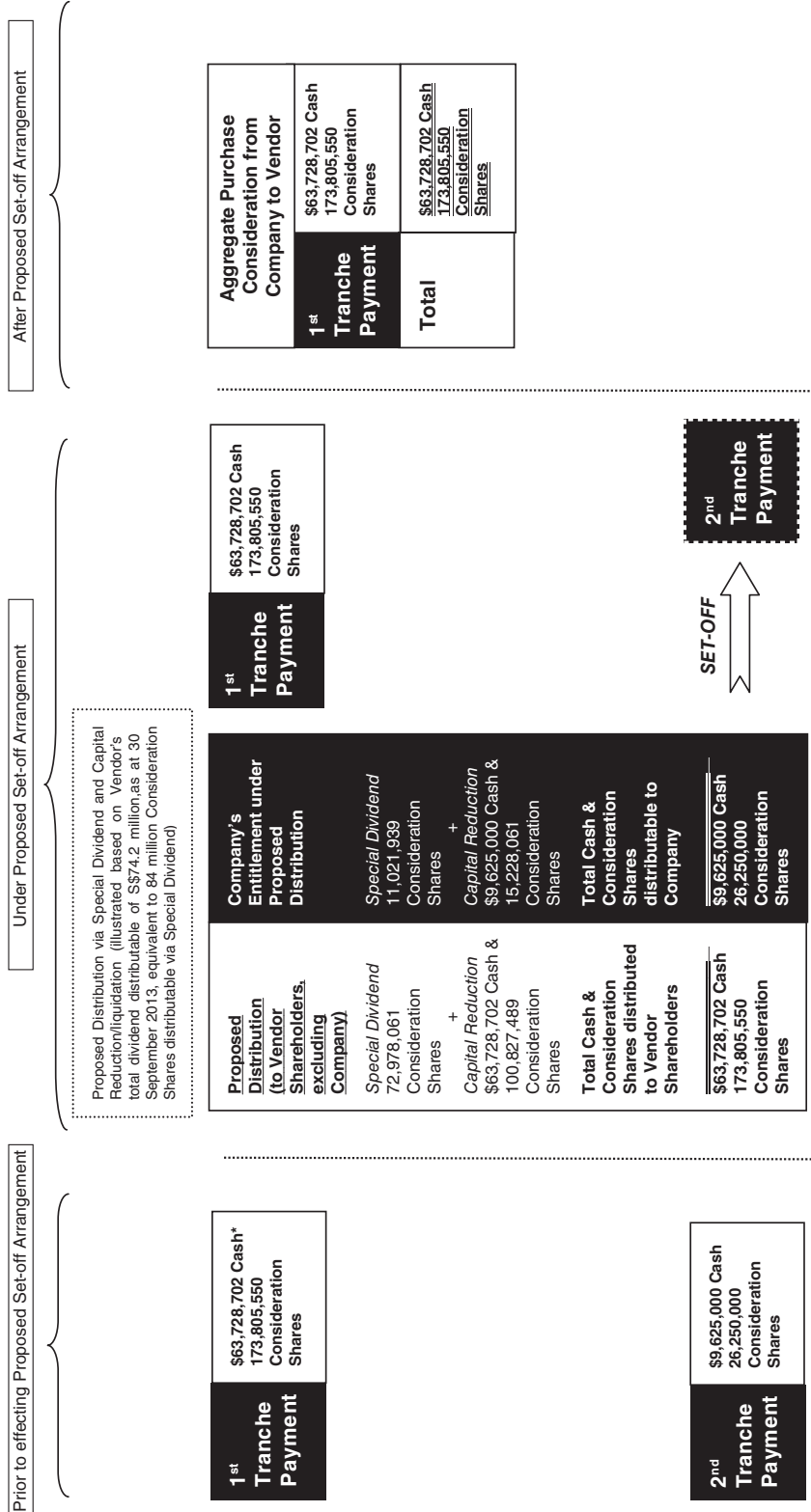
## APPENDIX 1 – CURRENT STRUCTURE OF THE TARGET GROUP

### Current Structure of the Target Group



## APPENDIX 2 – ILLUSTRATION OF THE PROPOSED SET-OFF ARRANGEMENT

**Appendix 2(i) – In the event that Vendor Shareholders approve both the Special Dividend and Capital Reduction (or Voluntary Liquidation) (as an illustration based on the Vendor’s total dividend distributable as at 30 September 2013)**

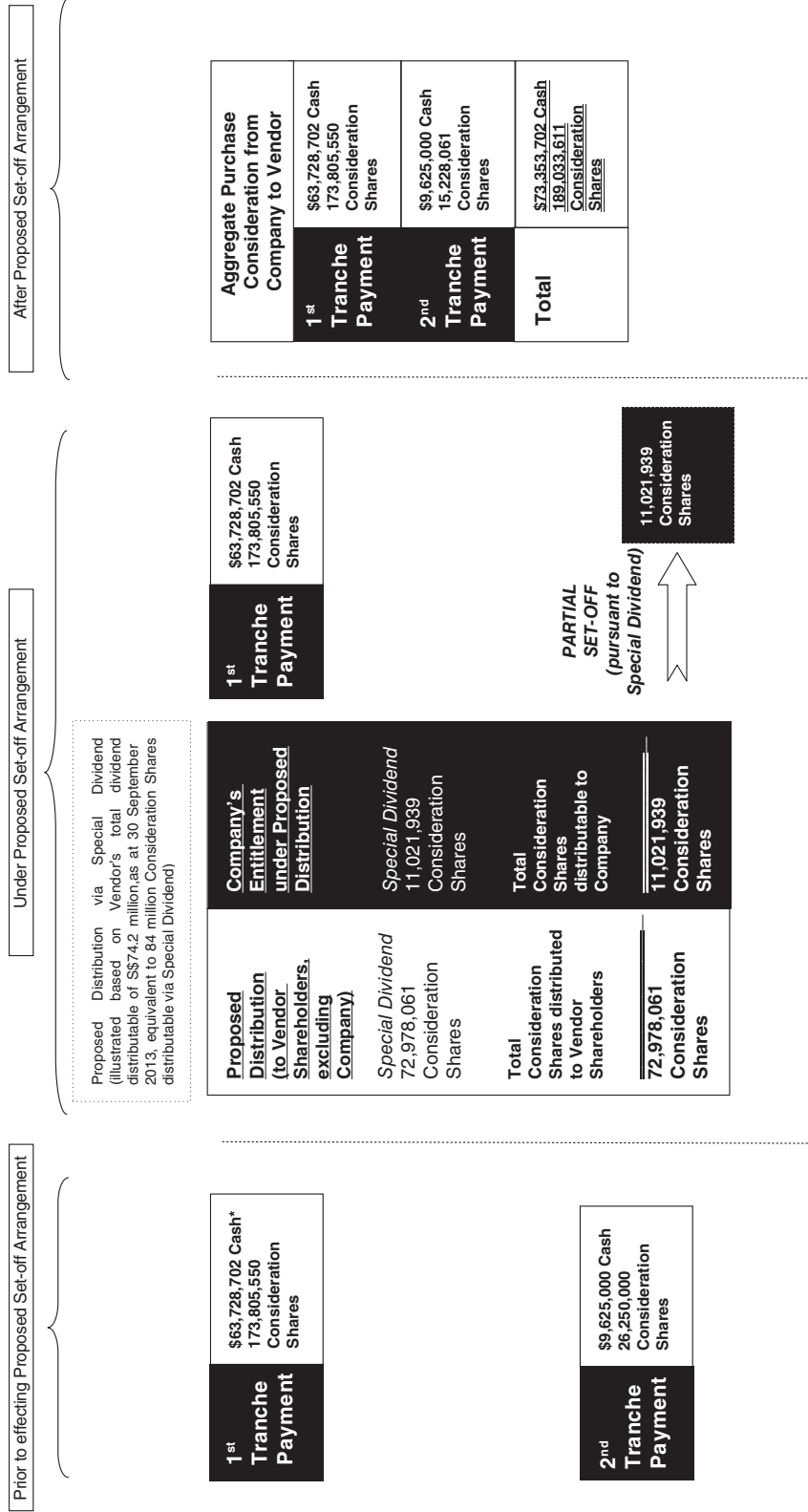


\* "Cash" refers to gross Cash Consideration. The actual net Cash Consideration to be distributed will take into account applicable costs and expenses in respect of the Proposed Distribution as shall be determined by the Vendor.

## APPENDIX 2 – ILLUSTRATION OF THE PROPOSED SET-OFF ARRANGEMENT

**Appendix 2(ii) – In the event that Vendor Shareholders only approve the Special Dividend and not the Capital Reduction (or Voluntary Liquidation)**

(as an illustration based on the Vendor's total dividend distributable as at 30 September 2013)



\* "Cash" refers to gross Cash Consideration. The actual net Cash Consideration to be distributed will take into account applicable costs and expenses in respect of the Proposed Distribution as shall be determined by the Vendor.

### APPENDIX 3 – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### APPENDIX 3A – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS BEFORE THE TRANSACTION

##### Shareholding interests in the capital of the Company

The Company has set out below the shareholding interests of the Directors and the Substantial Shareholders in the capital of the Company as at the Latest Practicable Date.

Before Completion of the Transaction	Assuming full conversion of the Convertible Bonds and full exercise of the Outstanding Options)				Assuming no conversion of any Convertible Bonds and no exercise of any Outstanding Options)			
	Direct Interest	Deemed Interest	Total Interest	%	Direct Interest	Deemed Interest	Total Interest	%
<b>Directors</b>								
Dr. Lin Yucheng	86,761,000	–	86,761,000	8.92	71,761,000	–	71,761,000	12.08
Wang Ning	10,307,200	–	10,307,200	1.06	3,307,200	–	3,307,200	0.56
Yeung Koon Sang alias David Yeung	600,000	–	600,000	0.06	–	–	–	–
Dr. Chong Weng Chew	2,250,000	–	2,250,000	0.23	–	–	–	–
Tay Beng Chuan	750,000	–	750,000	0.08	200,000	–	200,000	0.03
Lee Suan Hiang	353,000	400,000	753,000	0.08	3,000	400,000	403,000	0.07
David Haifeng Liu	–	–	–	–	–	–	–	–
Dr. Li Yan	–	–	–	–	–	–	–	–
Zhao Fu	–	–	–	–	–	–	–	–
<b>Substantial Shareholders</b>								
KKR China Water Investment Holdings Limited	403,536,007	–	403,536,007	41.50	98,536,000	–	98,536,000	16.58
Goh Ching Wah	70,843,000	–	70,843,000	7.29	70,843,000	–	70,843,000	11.92

**Notes:–**

(1) As a percentage of the issued share capital of the Company before the Transaction, comprising 972,432,007 Shares.

(2) As a percentage of the issued share capital of the Company before the Transaction, comprising 594,132,000 Shares.

### APPENDIX 3 – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### Shareholding interests in the capital of the Vendor

The Company has set out below the shareholding interest of the Directors and the Substantial Shareholders in the capital of the Vendor as at the Latest Practicable Date.

Directors	Number of MTL shares			% <sup>(1)</sup>
	Direct Interest	Deemed Interest	Total Interest	
Dr. Lin Yucheng	–	335 <sup>(2)</sup>	335	0.0000
Wang Ning	–	–	–	–
Yeung Koon Sang alias David Yeung	–	–	–	–
Dr. Chong Weng Chiew	–	–	–	–
Tay Beng Chuan	5,000,000	–	5,000,000	0.1883
Lee Suan Hiang	100,000	–	100,000	0.0038
David Haifeng Liu	–	–	–	–
Dr. Li Yan	–	–	–	–
Zhao Fu	–	–	–	–
<b>Substantial Shareholders</b>				
None	–	–	–	–

**Notes:–**

- (1) As a percentage of the issued share capital of the Vendor, comprising 2,655,807,337 shares as at the Latest Practicable Date.
- (2) Dr. Lin Yucheng has a deemed interest in the 335 MTL shares, which is registered under Greenlake Resources Inc, a company incorporated in the British Virgin Islands and 100% held by Mdm. Liao Jian Qin, the spouse of Dr. Lin Yucheng.

## APPENDIX 3 – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### APPENDIX 3B – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE CAPITAL OF THE COMPANY POST-KKR CONVERSION AND POST-SPECIAL DIVIDEND

(as an illustration based on the Vendor's total dividend distributable as at 30 September 2013)

Post-KKR Conversion and post-Special Dividend <sup>(1)</sup>	Assuming no exercise of any Outstanding Options				Assuming full exercise of Outstanding Options				Assuming full conversion of Convertible Bonds and no exercise of any Outstanding Options				Assuming full conversion of Convertible Bonds and full exercise of Outstanding Options			
	Direct Interest	Deemed Interest	Total Interest	% <sup>(2)</sup>	Direct Interest	Deemed Interest	Total Interest	% <sup>(3)</sup>	Direct Interest	Deemed Interest	Total Interest	% <sup>(4)</sup>	Direct Interest	Deemed Interest	Total Interest	% <sup>(5)</sup>
<b>Directors</b>																
Dr. Lin Yucheng <sup>(6)</sup>	71,761,000	–	71,761,000	7.80	86,761,000	–	86,761,000	8.73	71,761,000	–	71,761,000	6.59	86,761,000	–	86,761,000	7.47
Wang Ning	3,307,200	–	3,307,200	0.35	10,307,200	–	10,307,200	1.04	3,307,200	–	3,307,200	0.30	10,307,200	–	10,307,200	0.89
Yeung Koon Sang alias David Yeung	–	–	–	–	600,000	–	600,000	0.06	–	–	–	–	600,000	–	600,000	0.05
Dr. Chong Weng Chew	–	–	–	–	2,250,000	–	2,250,000	0.23	–	–	–	–	2,250,000	–	2,250,000	0.19
Tay Beng Chuan <sup>(6)</sup>	357,456	–	357,456	0.04	907,456	–	907,456	0.09	357,456	–	357,456	0.03	907,456	–	907,456	0.08
Lee Suan Hiang <sup>(6)</sup>	6,149	400,000	406,149	0.04	356,149	400,000	756,149	0.08	6,149	400,000	406,149	0.04	356,149	400,000	756,149	0.07
David Hai Feng Liu	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dr. Li Yan	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Zhao Fu	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Substantial Shareholders</b>																
KKR China Water Investment Holdings Limited	235,491,188	–	235,491,188	25.59	235,491,188	–	235,491,188	23.71	403,536,007	–	403,536,007	37.08	403,536,007	–	403,536,007	34.74
Goh Ching Wah	70,843,000	–	70,843,000	7.70	70,843,000	–	70,843,000	7.13	70,843,000	–	70,843,000	6.51	70,843,000	–	70,843,000	6.10
Vendor <sup>(7)</sup>	116,055,550	–	116,055,550	12.61	116,055,550	–	116,055,550	11.68	116,055,550	–	116,055,550	10.67	116,055,550	–	116,055,550	9.99
Pan Shuhong <sup>(8)</sup>	49,882,226	–	49,882,226	5.42	49,882,226	–	49,882,226	5.02	49,882,226	–	49,882,226	4.58	49,882,226	–	49,882,226	4.29
Ge Haitin <sup>(9)</sup>	6,812,422	–	6,812,422	0.74	6,812,422	–	6,812,422	0.69	6,812,422	–	6,812,422	0.63	6,812,422	–	6,812,422	0.59

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### APPENDIX 3 – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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**Notes:–**

- (1) Assuming the approval of the Vendor Shareholders for the Special Dividend has been obtained. Please refer to the completion mechanism of the Transaction as described in Section 4.3 on pages 14 to 16 of this Circular.
- (2) As a percentage of the issued share capital of the Company post-KKR Conversion and post-Special Dividend, comprising 920,120,799 Shares (assuming no exercise of any Outstanding Options).
- (3) As a percentage of the issued share capital of the Company post-KKR Conversion and post-Special Dividend, comprising 993,420,799 Shares (assuming full exercise of Outstanding Options).
- (4) As a percentage of the issued share capital of the Company post-Special Dividend, comprising 1,088,165,618 Shares (assuming full Conversion of Convertible Bonds and no exercise of any Outstanding Options).
- (5) As a percentage of the issued share capital of the Company post-Special Dividend, comprising 1,161,465,618 Shares (assuming full Conversion of Convertible Bonds and full exercise of Outstanding Options).
- (6) This takes into account the increase in shareholding interests of Dr. Lin Yucheng, Tay Beng Chuan and Lee Suan Hiang post-Special Dividend by virtue of their deemed interests in 24,404,335 shares, 5,000,000 shares and 100,000 shares in the Vendor, respectively.
- (7) Pursuant to the Special Dividend, the Vendor will distribute 72,978,061 Consideration Shares (out of the 189,033,611 Consideration Shares it will receive on completion of the Transaction) to the Vendor Shareholders.
- (8) This takes into account the increase in shareholding interests of Pan Shuhong post-Special Dividend by virtue of her deemed interests in 563,803,426 shares in the Vendor held by Joyfield Group Limited, of which Pan Shuhong is a controlling shareholder.
- (9) Based on the assumption that Ge Hailin has fully converted the 5,000,000 share options he holds under the Vendor's ESOS.

## APPENDIX 3 – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### APPENDIX 3C – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE CAPITAL OF THE COMPANY POST-KKR CONVERSION, POST-SPECIAL DIVIDEND AND POST-CAPITAL REDUCTION/VOLUNTARY LIQUIDATION

(as an illustration based on the Vendor's total dividend distributable as at 30 September 2013)

Post-KKR Conversion, post-Special Dividend and post-Capital Reduction/Voluntary Liquidation <sup>(1)</sup>	Assuming no exercise of any Outstanding Options				Assuming full exercise of Outstanding Options				Assuming full conversion of Convertible Bonds and no exercise of any Outstanding Options				Assuming full conversion of Convertible Bonds and full exercise of Outstanding Options			
	Number of Shares				Number of Shares				Number of Shares				Number of Shares			
	Direct Interest	Deemed Interest	Total Interest	% <sup>(2)</sup>	Direct Interest	Deemed Interest	Total Interest	% <sup>(3)</sup>	Direct Interest	Deemed Interest	Total Interest	% <sup>(4)</sup>	Direct Interest	Deemed Interest	Total Interest	% <sup>(5)</sup>
<b>Directors</b>																
Dr. Lin Yucheng <sup>(6)</sup>	71,761,000	–	71,761,000	7.93	86,761,000	–	86,761,000	8.87	71,761,000	–	71,761,000	6.69	86,761,000	–	86,761,000	7.57
Wang Ning	3,307,200	–	3,307,200	0.37	10,307,200	–	10,307,200	1.05	3,307,200	–	3,307,200	0.31	10,307,200	–	10,307,200	0.90
Yeung Koon Sang alias David Yeung	–	–	–	–	600,000	–	600,000	0.06	–	–	–	–	600,000	–	600,000	0.05
Dr. Chong Weng Chew	–	–	–	–	2,250,000	–	2,250,000	0.23	–	–	–	–	2,250,000	–	2,250,000	0.20
Tay Beng Chuan <sup>(6)</sup>	575,000	–	575,000	0.06	1,125,000	–	1,125,000	0.12	575,000	–	575,000	0.05	1,125,000	–	1,125,000	0.10
Lee Suan Hiang <sup>(6)</sup>	10,500	400,000	410,500	0.05	360,500	400,000	760,500	0.08	10,500	400,000	410,500	0.04	360,500	400,000	760,500	0.07
David Hai Feng Liu	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dr. Li Yan	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Zhao Fu	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Substantial Shareholders</b>																
KKR China Water Investment Holdings Limited	235,491,188	–	235,491,188	26.02	235,491,188	–	235,491,188	24.07	403,536,007	–	403,536,007	37.61	403,536,007	–	403,536,007	35.21
Goh Ching Wah	70,843,000	–	70,843,000	7.83	70,843,000	–	70,843,000	7.24	70,843,000	–	70,843,000	6.60	70,843,000	–	70,843,000	6.18
Pan Shuhong <sup>(7)</sup>	85,593,384	–	85,593,384	9.46	85,593,384	–	85,593,384	8.75	85,593,384	–	85,593,384	7.98	85,593,384	–	85,593,384	7.47
Ge Haitin <sup>(8)</sup>	13,461,329	–	13,461,329	1.49	13,461,329	–	13,461,329	1.38	13,461,329	–	13,461,329	1.25	13,461,329	–	13,461,329	1.17

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### APPENDIX 3 – SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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**Notes:–**

- (1) Assuming the approval of the Vendor Shareholders for the Special Dividend and Capital Reduction/Voluntary Liquidation has been obtained and the Company Act Requirements have been complied with. Pursuant to the Special Dividend and the Capital Reduction/Voluntary Liquidation, the Vendor will distribute 173,805,550 Consideration Shares (out of the 173,805,550 Consideration Shares it will receive on completion of the Transaction) to the Vendor Shareholders. Please refer to the completion mechanism of the Transaction as described in Section 4.3 on pages 14 to 16 of this Circular.
- (2) As a percentage of the issued share capital of the Company post-KKR Conversion, post-Special Dividend and post-Capital Reduction/Voluntary Liquidation, comprising 904,892,738 Shares (assuming no exercise of any Outstanding Options).
- (3) As a percentage of the issued share capital of the Company post-KKR Conversion, post-Special Dividend and post-Capital Reduction/Voluntary Liquidation, comprising 978,192,738 Shares (assuming full exercise of Outstanding Options).
- (4) As a percentage of the issued share capital of the Company post-Special Dividend and post-Capital Reduction/Voluntary Liquidation, comprising 1,072,937,557 Shares (assuming full Conversion of Convertible Bonds and no exercise of any Outstanding Options).
- (5) As a percentage of the issued share capital of the Company post-Special Dividend and post-Capital Reduction/Voluntary Liquidation, comprising 1,146,237,557 Shares (assuming full Conversion of Convertible Bonds and full exercise of Outstanding Options).
- (6) This takes into account the increase in shareholding interests of Dr. Lin Yucheng, Tay Beng Chuan and Lee Suan Hiang post-Special Dividend and post-Capital Reduction/Voluntary Liquidation by virtue of their deemed interests in 24,404,335 shares, 5,000,000 shares and 100,000 shares in the Vendor, respectively.
- (7) This takes into account the increase in shareholding interests of Pan Shuhong post-Special Dividend and post-Capital Reduction/Voluntary Liquidation by virtue of her deemed interests in 563,803,426 shares in the Vendor held by Joyfield Group Limited, of which Pan Shuhong is a controlling shareholder.
- (8) Based on the assumption that Ge Hailin has fully converted the 5,000,000 share options he holds under the Vendor's ESOS.

**APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR  
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**



**MEMSTAR TECHNOLOGY LTD.**

First Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2013

**PART I: Information required for announcements of Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Results**

1 (a)(i) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Group**

	3 months ended 30/09/2013 RMB'000	3 months ended 30/09/2012 RMB'000	Increase/ (Decrease) %
<b>Revenue</b>	47,366	54,498	(13.1)
Cost of sales	(18,499)	(21,598)	(14.3)
<b>Gross profit</b>	28,867	32,900	(12.3)
Other income	2	2	-
Selling and distribution expenses	(1,018)	(1,553)	(34.4)
Administrative expenses	(5,840)	(6,020)	(3.0)
Research and development costs	(2,136)	(2,355)	(9.3)
Other operating income/(expenses)	7	(1,623)	(100.4)
Finance cost (net)	(2,188)	(2,612)	(16.2)
<b>Profit before income tax</b>	17,694	18,739	(5.6)
Income tax expense	(1,318)	(1,621)	(18.7)
<b>Profit for the period</b>	16,376	17,118	(4.3)
<b>Profit attributable to</b>			
- Owners of the Company	15,056	15,032	0.2
- Non-controlling interests	1,320	2,086	(36.7)
	16,376	17,118	(4.3)
<b>Statement of Comprehensive Income</b>			
Net profit for the period	16,376	17,118	(4.3)
Currency translation gain	919	3,850	(76.1)
<b>Total comprehensive income for the period</b>	17,295	20,968	(17.5)
<b>Total comprehensive income attributable to</b>			
- Owners of the Company	15,666	18,984	(17.5)
- Non-controlling interests	1,629	1,984	(17.9)
	17,295	20,968	(17.5)

## APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013

### Note 1

As announced by the Company on 29 July 2013, the Company entered into a conditional sale and purchase agreement with United Envirotech Ltd to dispose of its principal and wholly-owned subsidiary, Memstar Pte Ltd through the sale of 1,670,383 ordinary shares and to transfer and/or novate certain sale assets for a consideration of S\$293,414,807. The sale of the sale shares and completion of the Proposed Disposal shall be subject to and conditional upon the fulfillment and satisfaction of all conditions precedent.

On the assumption that the Proposed Disposal is approved and completed, the operations which are expected to be sold would have been classified as discontinued operations.

For illustrative purpose, the statement of comprehensive income for the Group had the Proposed Disposal been approved and completed is as follows:

	Group		
	3 months ended 30/09/2013 RMB'000	3 months ended 30/09/2012 RMB'000	Increase/ (Decrease) %
<b>Revenue</b>	-	-	n/a
Cost of sales	-	-	n/a
<b>Gross profit</b>	-	-	n/a
Other income	-	-	n/a
Selling and distribution expenses	-	-	n/a
Administrative expenses	(1,753)	(1,659)	5.7
Research and development costs	-	-	n/a
Other operating expenses	-	-	n/a
Finance cost (net)	-	-	n/a
<b>Loss before income tax from continuing operations</b>	(1,753)	(1,659)	5.7
Income tax expense	-	-	n/a
Net loss from continuing operations	(1,753)	(1,659)	5.7
Profit from discontinued operations <sup>(a)</sup>	18,129	18,777	(3.5)
<b>Profit for the period</b>	16,376	17,118	(4.3)
<b>Profit attributable to</b>			
Owners of the Company			
- from continuing operations	(1,753)	(1,659)	5.7
- from discontinued operations	16,809	16,691	0.7
	15,056	15,032	0.2
Non-controlling interests			
- from discontinued operations	1,320	2,086	(36.7)
	16,376	17,118	(4.3)
<b>Statement of Comprehensive Income</b>			
Net profit for the period	16,376	17,118	(4.3)
Currency translation gain	919	3,850	(76.1)
<b>Total comprehensive income for the period</b>	17,295	20,968	(17.5)
<b>Total comprehensive income attributable to</b>			
Owners of the Company			
- from continuing operations	(1,753)	(1,659)	5.7
- from discontinued operations	17,419	20,643	(15.6)
	15,666	18,984	(17.5)
Non-controlling interests			
- from discontinued operations	1,629	1,984	(17.9)
	17,295	20,968	(17.5)

n/a – not applicable

**APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR  
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

**Note 1(a)**

	<b>Group</b>		
	<b>3 months ended 30/09/2013 RMB'000</b>	<b>3 months ended 30/09/2012 RMB'000</b>	<b>Increase/ (Decrease) %</b>
<b>Revenue</b>	47,366	54,498	(13.1)
Cost of sales	(18,499)	(21,598)	(14.3)
<b>Gross profit</b>	28,867	32,900	(12.3)
Other income	2	2	-
Selling and distribution expenses	(1,018)	(1,553)	(34.4)
Administrative expenses	(4,087)	(4,361)	(6.3)
Research and development costs	(2,136)	(2,355)	(9.3)
Other operating expenses	7	(1,623)	(100.4)
Finance cost (net)	(2,188)	(2,612)	(16.2)
<b>Profit before income tax</b>	19,447	20,398	(4.7)
Income tax expense	(1,318)	(1,621)	(18.7)
<b>Profit for the period from discontinued operations</b>	18,129	18,777	(3.5)

**1 (a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements**

	<b>3 months ended 30/09/2013 RMB'000</b>	<b>3 months ended 30/09/2012 RMB'000</b>	<b>Increase/ (Decrease) %</b>
Profit before income tax is arrived at after charging/(crediting) the following:			
Cost of inventories sold	12,946	18,502	(30.0)
Depreciation of property, plant and equipment	2,851	2,088	36.5
Amortisation of land use rights	60	60	-
Amortisation of intangible asset	97	102	(4.9)
(Gain)/loss on foreign exchange	(7)	1,629	(100.4)
Interest expense (net)	2,188	2,612	(16.2)

n.m – not meaningful

**APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR  
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/09/13 RMB'000	As at 30/6/13 RMB'000	As at 30/09/13 RMB'000	As at 30/6/13 RMB'000
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	511,672	511,672
Investment in associate	3,600	3,600	-	-
Property, plant and equipment	129,832	132,195	1,201	1,262
Land use rights	10,511	10,571	-	-
Intangible asset	293	390	293	390
Service concession receivables	309,235	307,089	-	-
Finance lease receivables	921	921	-	-
	<u>454,392</u>	<u>454,766</u>	<u>513,166</u>	<u>513,324</u>
<b>Current assets</b>				
Inventories	42,480	44,260	-	-
Trade receivables	159,601	159,975	3,398	2,843
Other receivables	124,430	127,787	35,338	35,223
Service concession receivables	1,759	1,759	-	-
Finance lease receivables	1,841	1,841	-	-
Due from subsidiary	-	-	312,393	307,066
Cash and cash equivalents	68,681	46,785	6,636	12,972
	<u>398,792</u>	<u>382,407</u>	<u>357,765</u>	<u>358,104</u>
<b>Total assets</b>	<b><u>853,184</u></b>	<b><u>837,173</u></b>	<b><u>870,931</u></b>	<b><u>871,428</u></b>
<b>Equity attributable to owners of the Company</b>				
Share capital	277,258	277,258	828,003	828,003
Reserves	254,889	239,224	(127,816)	(125,536)
	<u>532,147</u>	<u>516,482</u>	<u>700,187</u>	<u>702,467</u>
Non-controlling interests	38,237	36,607	-	-
<b>Total equity</b>	<u>570,384</u>	<u>553,089</u>	<u>700,187</u>	<u>702,467</u>
<b>Non-current liabilities</b>				
Bank loans	119,381	119,698	-	-
Finance lease	1,079	1,108	1,047	1,076
Deferred tax liabilities	21,000	21,000	-	-
	<u>141,460</u>	<u>141,806</u>	<u>1,047</u>	<u>1,076</u>
<b>Current liabilities</b>				
Loan	26,163	26,277	-	-
Trade payables	45,946	46,564	-	-
Other payables	56,814	56,919	5,862	5,365
Due to subsidiary	-	-	163,710	162,395
Finance lease	222	254	125	125
Provision for income tax	12,195	12,264	-	-
	<u>141,340</u>	<u>142,278</u>	<u>169,697</u>	<u>167,885</u>
<b>Total liabilities</b>	<u>282,800</u>	<u>284,084</u>	<u>170,744</u>	<u>168,961</u>
<b>Total equity and liabilities</b>	<b><u>853,184</u></b>	<b><u>837,173</u></b>	<b><u>870,931</u></b>	<b><u>871,428</u></b>

## APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013

### Note 2

For illustrative purpose, the statement of financial positions had the Proposed Disposal been approved and completed are as follows:

	Group		Company	
	As at 30/09/13 RMB'000	As at 30/6/13 RMB'000	As at 30/09/13 RMB'000	As at 30/6/13 RMB'000
<b>Current assets</b>				
Cash and cash equivalents	6,636	12,972	6,636	12,972
Assets of Disposal Group classified as Held for sale <sup>(a)</sup>	846,548	824,201	864,295	858,456
	<b>853,184</b>	<b>837,173</b>	<b>870,931</b>	<b>871,428</b>
<b>Total assets</b>	<b>853,184</b>	<b>837,173</b>	<b>870,931</b>	<b>871,428</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	277,258	277,258	828,003	828,003
Reserves	254,889	239,224	(127,816)	(125,536)
	532,147	516,482	700,187	702,467
Non-controlling interests	38,237	36,607	-	-
<b>Total equity</b>	<b>570,384</b>	<b>553,089</b>	<b>700,187</b>	<b>702,467</b>
<b>Current liabilities</b>				
Other payables	5,862	5,365	5,862	5,365
Liabilities directly associated with Disposal Group classified as Held for Sale <sup>(a)</sup>	276,938	278,719	164,882	163,596
	282,800	284,084	170,744	168,961
<b>Total liabilities</b>	<b>282,800</b>	<b>284,084</b>	<b>170,744</b>	<b>168,961</b>
<b>Total equity and liabilities</b>	<b>853,184</b>	<b>837,173</b>	<b>870,931</b>	<b>871,428</b>

### Note 2 (a)

	Group		Company	
	As at 30/09/13 RMB'000	As at 30/6/13 RMB'000	As at 30/09/13 RMB'000	As at 30/6/13 RMB'000
<b>Assets of Disposal Group classified as Held for Sale</b>				
Investment in subsidiaries	-	-	511,672	511,672
Investment in associate	3,600	3,600	-	-
Property, plant and equipment	129,832	132,195	1,201	1,261
Land use rights	10,511	10,571	-	-
Intangible asset	293	390	293	390
Service concession receivables	310,994	308,848	-	-
Finance lease receivables	2,762	2,762	-	-
Inventories	42,480	44,260	-	-
Trade receivables	159,601	159,975	3,398	2,843
Other receivables	124,430	127,787	35,338	35,223
Due from subsidiary	-	-	312,393	307,067
Cash and cash equivalents	62,045	33,813	-	-
	<b>846,548</b>	<b>824,201</b>	<b>864,295</b>	<b>858,456</b>
<b>Liabilities directly associated with Disposal Group classified as Held for Sale</b>				
Bank loans	145,544	145,975	-	-
Finance lease	1,301	1,362	1,172	1,201
Deferred tax liabilities	21,000	21,000	-	-
Trade payables	45,946	46,564	-	-
Other payables	50,952	51,554	-	-
Due to subsidiary	-	-	163,710	162,395
Provision for income tax	12,195	12,264	-	-
	<b>276,938</b>	<b>278,719</b>	<b>164,882</b>	<b>163,596</b>

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**APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR  
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

	Group			
	30/09/2013		30/06/2013	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
<b>(a) Amount repayable in one year or less, or on demand</b>	26,163	222	26,277	254
<b>(b) Amount repayable after one year</b>	119,381	1,079	119,698	1,108

**Details of any collateral**

The bank loan of RMB145.5 million of its subsidiary, Max Rise Water Services Holdings Ltd is secured by the service concession receivables and share pledge of its subsidiary, Bazhou Max Rise Water Services Sci-Tech Co., Ltd, charge on assets of Max Rise Water Services Holdings Ltd and corporate guarantees from its holding company (Max Rise Envirogroup Limited), ultimate holding company and a related party.

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**APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR  
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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**1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	3 months ended 30/09/2013 RMB'000	3 months ended 30/09/2012 RMB'000
<b>Cash Flows from Operating Activities</b>		
Profit before income tax	17,694	18,739
Adjustments for:		
Depreciation of property, plant and equipment	2,851	2,088
Amortisation of land use rights	60	60
Amortisation of intangible asset	97	102
Interest expense (net)	2,188	2,612
Unrealised exchange (gain)/loss	(7)	1,092
Operating cash flow before working capital changes	22,883	24,693
Changes in working capital:		
Inventories	1,795	898
Receivables	3,812	(13,806)
Service concession receivables	(2,146)	(9,278)
Payables	(2,111)	(31,858)
<b>Cash used in operating activities</b>	24,233	(29,351)
Interest paid (net)	(389)	(736)
Income tax paid	(1,387)	(1,538)
<b>Net cash generated from/(used in) operating activities</b>	22,457	(31,625)
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(419)	(209)
Finance lease receivable	-	460
<b>Net cash used in investing activities</b>	(419)	251
<b>Cash Flows from Financing Activities</b>		
Proceed from bank loan	-	40,349
Repayment of obligations under finance lease	(61)	(22)
Decrease in pledged deposits	9,647	911
<b>Net cash generated from financing activities</b>	9,586	41,238
<b>Net increase in cash and cash equivalents</b>	31,624	9,864
<b>Cash and cash equivalents at the beginning of the period</b>	33,320	134,874
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(82)	920
<b>Cash and cash equivalents at the end of the period</b>	64,862	145,658
<b>Represented by:</b>		
Cash on hand	50	47
Bank balances	68,631	149,543
	68,681	149,590
Less restricted bank balances	(3,819)	(3,932)
<b>Cash and cash equivalents</b>	64,862	145,658

## APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Group

	← Attributable to equity holders of the Company →					Attributable to owners of the Company	Non- controlling interests	Total
	Share capital RMB'000	Statutory reserves RMB'000	Share option reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000			
<b>Balance as at 1 July 2012</b>	277,258	14,462	4,611	(525)	170,089	465,895	26,806	492,701
Total comprehensive income for the period	-	-	-	3,952	15,032	18,984	1,984	20,968
<b>Balance as at 30 September 2012</b>	<b>277,258</b>	<b>14,462</b>	<b>4,611</b>	<b>3,427</b>	<b>185,121</b>	<b>484,879</b>	<b>28,790</b>	<b>513,669</b>
<b>Balance as at 1 July 2013</b>	277,258	19,439	3,824	18	215,942	516,481	36,608	553,089
Total comprehensive income for the period	-	-	-	610	15,056	15,666	1,629	17,295
<b>Balance as at 30 September 2013</b>	<b>277,258</b>	<b>19,439</b>	<b>3,824</b>	<b>628</b>	<b>230,998</b>	<b>532,147</b>	<b>38,237</b>	<b>570,384</b>

### Company

	Share capital RMB'000	Share option reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
	<b>Balance as at 1 July 2012</b>	828,003	4,611	(3,360)	(106,814)
Total comprehensive income/(loss) for the period	-	-	8,018	(2,519)	5,499
<b>Balance as at 30 September 2012</b>	<b>828,003</b>	<b>4,611</b>	<b>4,658</b>	<b>(109,333)</b>	<b>727,939</b>
<b>Balance as at 1 July 2013</b>	828,003	3,824	(6,427)	(122,933)	702,467
Total comprehensive loss for the period	-	-	375	(2,655)	(2,280)
<b>Balance as at 30 September 2013</b>	<b>828,003</b>	<b>3,824</b>	<b>(6,052)</b>	<b>(125,588)</b>	<b>700,187</b>

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## **APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Company's share capital during the financial period from 1 July 2013 to 30 September 2013. There were a total of 11,600,000 unexercised share options as at 30 September 2013 (30 September 2012: 14,100,000). There are no other outstanding convertible securities as at 30 September 2013 and 30 September 2012.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued ordinary shares as at 30 September 2013 is 2,655,807,337 (30 September 2012: 2,655,807,337).

**1(d)(iv) A statement showing all shares, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares as at 30 September 2013 and 30 September 2012.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 30 September 2013 compared to the audited financial statements for the financial year ended 30 June 2013, except as disclosed in paragraph 5 below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the Singapore Financial Reporting Standards ("SFRS") including improvements to SFRS and Interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 July 2013, where applicable, the application of these standards has no significant impact on the Group.

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**APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR  
AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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**6. Earnings per ordinary share of the Memstar Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	3 months ended 30/09/2013	3 months ended 30/09/2012
(a) Weighted average number of ordinary shares in issue (in RMB cents) <sup>(1)</sup>	0.57	0.57
(b) Fully diluted basis (in RMB cents) <sup>(2)</sup>	0.57	0.57

Note:

- (1) Earnings per ordinary share of the Group for the three months period ended 30 September 2013 and 30 September 2012 have been computed based on the weighted average number of shares of 2,655,807,337 ordinary shares.
- (2) Diluted earnings per ordinary share of the Group for the three months period ended 30 September 2013 and 30 September 2012 have been computed based on the weighted average number of shares of 2,658,127,337 ordinary shares and 2,655,807,337 ordinary shares respectively.

**7. Net asset value for the Memstar Group per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	Group		Company	
	30/09/2013	30/06/2013	30/09/2013	30/06/2013
Net asset value per ordinary share based on issued share capital as at the end of the period (RMB cents)	20.04	19.45	26.36	26.45

The above net asset value per ordinary share of the Group and the Company have been computed based on the total issued share capital as at 30 September 2013 of 2,655,807,337 shares (30 June 2012: 2,655,807,337 shares).

## APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013

8. A review of the performance of the Memstar Group, to the extent necessary for a reasonable understanding of the Memstar Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Statement of Comprehensive Income

The table below summarises the Group's revenue by business segments:-

	3 months ended 30/09/2013		3 months ended 30/09/2012		Change
	RMB'000	%	RMB'000	%	%
Membrane	28,894	61.0	38,391	70.4	(24.7)
Service Concession	18,472	39.0	16,107	29.6	14.7
<b>Total</b>	<b>47,366</b>	<b>100.0</b>	<b>54,498</b>	<b>100.0</b>	<b>(13.1)</b>

Revenue decreased by RMB7.1 million or 13.1% from RMB54.5 million for the 3 months ended 30 September 2012 ("1Q FY2013") to RMB47.4 million for the 3 months ended 30 September 2013 ("1Q FY2014"). The decrease was due mainly to decrease in sales of membrane products arising from project delays.

In line with the decrease in revenue, gross profit decreased by RMB4.0 million or 12.3% from RMB32.9 million for 1Q FY2013 to RMB28.9 million for 1Q FY2014. Gross profit margin of 60.9% for 1Q FY2014 is marginally higher than 1Q FY2013 of 60.4%.

Selling and distribution expenses comprising mainly salaries, commissions, travelling, entertainment and promotion expenses decreased by RMB0.5 million from RMB1.5 million for 1Q FY2013 to RMB1.0 million for 1Q FY2014. This is in line with decrease in revenue.

Administrative expenses decreased marginally by RMB0.2 million to RMB5.8 million for 1Q FY2014.

Research and development costs comprising mainly manpower costs, depreciation and material costs decreased marginally by RMB0.3 million from RMB2.4 million for 1Q FY2013 to RMB2.1 million for 1Q FY2014.

Other operating expense decreased by RMB1.6 million for the current quarter due to exchange loss on revaluation of SGD and HKD to RMB for the comparative quarter.

Finance cost relating to mainly interest expense on finance leases and loan decreased by RMB0.4 million from RMB2.6 million for 1Q FY2013 to RMB2.2 million for 1Q FY2014 due to the partial repayment of loan.

Resulting from the above, profit attributable to owners for the period is RMB15.0 million, comparable to 1Q FY2013.

### **Review of the Group's Financial Position as at 30 September 2013 as compared to the Group's Financial Position as at 30 June 2013**

#### Statement of Financial Position

Total non-current assets decreased marginally by RMB0.4 million from RMB454.8 million as at 30 June 2013 to RMB454.4 million as at 30 September 2013. The decrease was mainly due to decreases in plant and equipment of RMB2.4 million, mainly on depreciation and amortization but offset by increase in concession receivables of RMB2.1 million for upgrading of the existing water treatment plant.

Total current assets increased from RMB382.4 million as at 30 June 2013 to RMB398.8 million as at 30 September 2013, representing an increase of RMB16.4 million.

The increase was due mainly to increases in cash balances of RMB21.9 million but offset by the following decreases:

- a) Inventories decreased by RMB1.8 million to RMB42.5 million from RMB44.3 million,
- b) Other receivables comprised mainly prepayments, deposits and other debtors decreased by RMB3.4 million to RMB124.4 million from RMB127.8 million

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## APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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Total current liabilities decreased marginally from RMB142.3 million as at 30 June 2013 to RMB141.3 million as at 30 September 2013, a decrease of RMB1.0 million. The decrease was mainly due to decreases in trade and other payables.

### **Statement of Cash Flows**

Net cash generated from operating activities amounted to RMB22.5 million due mainly to profit from operations, decreases in receivables, inventories and payables.

Net cash generated from financing activities amounted to RMB9.6 million due mainly from the decrease in pledged deposits.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As announced by the Company on 29 July 2013, the Company entered into a conditional sale and purchase agreement with United Envirotech Ltd to dispose of its principal and wholly-owned subsidiary, Memstar Pte Ltd through the sale of 1,670,383 ordinary shares and to transfer and/or novate certain sale assets for a consideration of S\$293,414,807. The sale of the sale shares and completion of the Proposed Disposal shall be subject to and conditional upon the fulfillment and satisfaction of all conditions precedent. Announcements will be made as appropriate if there are any further updates to the Proposed Disposal.

The Group will continue to manage its business risks prudently and pursue its strategy of enhancing its operational efficiency and membrane technology research and development. Enhancing the Group's capabilities in membrane technology remains as one of the top priorities of the Group in its objective to raise its profile in the global membrane filtration market. China's wastewater treatment sector continues to present favorable industry dynamics such as the more stringent discharge standards required and the increased need for cleaner water technology. These trends are advantageous in propelling the Group's growth as a leading global membrane manufacturer and membrane solution provider.

### **11. Dividend**

#### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? No

#### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? No

#### ***(c) Date payable***

Not applicable.

#### ***(d) Books closure date***

Not applicable.

### **12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended.

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## **APPENDIX 4 – FIRST QUARTER FINANCIAL STATEMENT OF THE VENDOR AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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### **13. Interested person transactions**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

There were no interested person transactions entered into by the Group for the period ended 30 September 2013.

### **Statement by Directors**

#### **Pursuant to SGX Listing Rule 705(5)**

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the First Quarter Results of the Group for the financial period ended 30 September 2013 to be false or misleading in any material aspect.

On behalf of the Board

Pan Shuhong  
Director

Dr Ge Hailin  
Director

**By Order of The Board**

**Lee Seng Suan**  
**Company Secretary**

**6 November 2013**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### UNITED ENVIROTECH LTD

(Incorporated in Singapore on 9 July 2003)

(Company Registration No. 200306466G)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the “**EGM**”) of United Envirotech Ltd (the “**Company**”) will be held on 12 February 2014 at 5.00 p.m. at Amara Hotel, Connection 2, Level 3, 165 Tanjong Pagar Road, Singapore 088539 for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolutions:

#### **ORDINARY RESOLUTIONS:**

**(1) PROPOSED ACQUISITION OF THE BUSINESS, ASSETS AND PRINCIPAL SUBSIDIARIES OF MEMSTAR TECHNOLOGY LTD (“MTL”) BY THE COMPANY (THE “TRANSACTION”)**

That, contingent upon the passing of Ordinary Resolution 2, approval be and is hereby given for the (i) the proposed acquisition of 100% of the existing issued and paid-up share capital of MTL’s principal and wholly-owned subsidiary, Memstar Pte. Ltd, comprising 1,670,383 issued ordinary shares, and (ii) the proposed transfer and/or novation of MTL’s Sale Assets to the Company or the Target Company, as the case may be, on the terms and subject to the conditions of the S&P Agreement, for an aggregate consideration of S\$293,414,807.

**(2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 200,055,550 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$1.10 PER SHARE TO MEMSTAR TECHNOLOGY LTD TO BE CREDITED AS FULLY PAID-UP AS PART PAYMENT OF THE PURCHASE CONSIDERATION FOR THE TRANSACTION.**

That, contingent upon the passing of Ordinary Resolution 1, approval be and is hereby given for the allotment and issue of up to 200,055,550 new Shares to the Vendor at an issue price of S\$1.10 per Share, credited as fully paid up (the “**Consideration Shares**”), as part payment of the Purchase Consideration for the Transaction, and the Directors be and are hereby authorised to do any and all such acts and things as they may, in their absolute discretion deem fit, expedient or necessary to give effect to this Resolution.

All capitalised terms used which are not defined herein shall have the same meaning as defined in the Circular to Shareholders dated 20 January 2014.

#### **BY ORDER OF THE BOARD**

**DR. LIN YUCHENG**  
**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**  
**UNITED ENVIROTECH LTD**

20 January 2014

#### **Notes:**

1. A member of the Company entitled to attend and vote at EGM is entitled to appoint not more than two proxies to attend and vote in his/her behalf. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the Proxy Form must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
3. The instrument appointing a proxy must be lodged at the Company’s registered office at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for the EGM. The completion and return of the proxy form by a member will not prevent him from attending and voting in person at the EGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

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# UNITED ENVIROTECH LTD

(Incorporated in Singapore on 9 July 2003)  
(Company Registration No. 200306466G)

## EXTRAORDINARY GENERAL MEETING PROXY FORM

### IMPORTANT

1. For investors who have used their CPF monies to buy United Envirotech Ltd shares, the Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (name)

of \_\_\_\_\_ (address)

being a member/members of United Envirotech Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company (the "EGM") as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the EGM to be held on 12 February 2014 at 5.00 p.m. at Amara Hotel, Connection 2, Level 3, 165 Tanjong Pagar Road, Singapore 088539 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies may vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

	For	Against
<b>Ordinary Resolutions</b>		
(1) THE PROPOSED ACQUISITION OF THE BUSINESS, ASSETS AND PRINCIPAL SUBSIDIARIES OF MEMSTAR TECHNOLOGY LTD BY THE COMPANY (THE "TRANSACTION"); AND		
(2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 200,055,550 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$1.10 PER SHARE TO MEMSTAR TECHNOLOGY LTD TO BE CREDITED AS FULLY PAID-UP AS PART PAYMENT OF THE PURCHASE CONSIDERATION FOR THE TRANSACTION.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
*Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder*

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**

**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead by completing and signing the Proxy Form.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares held by him. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
4. The instrument appointing a proxy or proxies, together with the power of attorney, or other authority (if any) under which is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

**General:**

The Company shall be entitled to reject a Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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