

UEL to get more capital from KKR

KKR to invest US\$40m by taking up new shares

UNITED Envirotech Limited (UEL) said yesterday that global investment firm KKR is investing a further US\$40 million in the company through subscription of new shares at 50 cents apiece. New York-listed KKR has inked a definitive agreement to acquire 98.536 million new shares in the Singapore-listed water treatment and recycling solution provider in China. The shares to be issued represent 11.04 per cent of UEL's enlarged issued share capital, while the subscription price is a premium of 8.46 per cent to 46.1 cents per share, being the average closing price for the 30 trading days prior to Jan 8. The price is a 2.72 per cent discount to Monday's weighted average trading price of 51.4 cents. Trading of the company's shares was halted yesterday.

"With the additional capital, UEL is well positioned to continue our growth and scale new heights in China's water treatment space," said UEL chief executive Lin Yucheng. UEL plans to use 90 per cent of the net proceeds of about S\$49.2 million to fund the acquisition of water treatment plants, upgrading of existing plants and 10 per cent for the company's working capital.

The company said it was making good progress in the water treatment business, which is capital intensive, and required additional capital to fund the capital expenditures. "Working with KKR, we are able to leverage their global resources, operational capabilities with KKR Capstone and their China team's local experience and track record of success," said Mr Lin.

While KKR is not a substantial shareholder of UEL, the company is seeking shareholders' approval for the placement of shares. This is because KKR had in October 2011 subscribed for US\$113.8 million in UEL convertible bonds, which when converted represent 38.4 per cent of UEL's shares on a fully diluted basis. KKR may exercise all or part of the convertible bonds, and become a substantial shareholder of the company. Together with the convertible bonds and upon completion of the proposed subscription - expected to conclude by March 2013 - KKR will have a 45.19 per cent direct interest in UEL.

KKR (www.kkr.com) is a highly-respected American-based global private equity firm, specializing in leveraged buyouts, based in New York. The firm is a pioneer in the leveraged buyout industry and as at 30 September 2012 has US\$ 6.63 billion worth of assets under management. Since its founding, KKR has completed a number of landmark transactions including the 1989 leveraged buyout of RJR Nabisco, which was the largest buyout in history to that point, as well as the 2007 buyout of TXU, which is currently the largest buyout completed to date. KKR has completed investments in over 160 companies since 1977, completing at least one investment in every year except 1982 and 1990.