


Change in Capital :: Rights Issue :: PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,282,976,795 NEW ORDINARY SHARES

* Asterisks denote mandatory information

Name of Announcer *	ASIA WATER TECHNOLOGY LTD.
Company Registration No.	200210042R
Announcement submitted on behalf of	ASIA WATER TECHNOLOGY LTD.
Announcement is submitted with respect to *	ASIA WATER TECHNOLOGY LTD.
Announcement is submitted by *	Liu Yujie
Designation *	Executive Director
Date & Time of Broadcast	31-Dec-2010 20:09:30
Announcement No.	00138

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,282,976,795 NEW ORDINARY SHARES
Specific shareholder's approval Required? *	No
Description	Please refer to the attachment.

Attachments

[AWT_SGXAnn_RightsIssue_Final.pdf](#)
 Total size = **61K**
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ASIA WATER TECHNOLOGY LTD.
(Company Registration No. 200210042R)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,282,976,795 NEW ORDINARY SHARES (“RIGHTS SHARES”), AT AN ISSUE PRICE OF S\$0.06 FOR EACH RIGHTS SHARE, ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors (“**Directors**”) of Asia Water Technology Ltd. (the “**Company**”) wishes to announce that the Company is proposing a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 1,282,976,795 new ordinary shares in the capital of the Company (each, a “**Rights Share**”) at an issue price of S\$0.06 for each Rights Share (“**Issue Price**”), on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (each, a “**Share**”) held by the Entitled Shareholders (as defined below) as at a time and date to be determined by the Directors for the purpose of determining the entitlements of shareholders of the Company (“**Shareholders**”) under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.

The Rights Shares will be issued pursuant to the authority granted by the share issue mandate approved by the Shareholders at the annual general meeting held on 29 April 2010 (the “**Share Issue Mandate**”). The Share Issue Mandate authorised, amongst other things, the Directors to issue Shares whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, the “**Instruments**”) that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit, provided that, among others, the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury Shares) in the capital of the Company at the date of the Share Issue Mandate (subject to certain adjustments provided in the Share Issue Mandate).

The Company has requested and Triumph Power Limited and Litebay Pte. Ltd., have agreed to undertake to irrevocably subscribe to its entitlement under the Rights Issue. The details of the undertakings are set out in section 3 of this Announcement. As at the date of this announcement, save for the aforesaid undertaking, the Rights Issue is not being underwritten. The Company is currently in discussions to arrange for a financial institution to underwrite the Rights Issue. In the event that such underwriting is secured, the Company will make the appropriate announcement.

2. PROPOSED PRINCIPAL TERMS OF THE RIGHTS ISSUE

The Rights Issue is proposed to be offered on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the

case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Entitled Shareholders**"), on the basis of one (1) Rights Share for every two (2) Shares held as at the Books Closure Date, fractional entitlements to be disregarded.

Fractional entitlements of the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments of Rights Shares which are not taken up for any reason, be aggregated and used to satisfy applications for excess Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots and the Directors and substantial Shareholders will rank last in priority.

Entitled Shareholders are at liberty to accept or decline or otherwise renounce or trade their provisional allotments of Rights Shares and will be eligible to apply for excess Rights Shares in excess of their provisional allotments under the Rights Issue.

The Rights Shares are payable in full upon acceptance and/or application. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls on or after the date of issue of the Rights Shares. For this purpose, "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

The Rights Shares are priced at the Issue Price of S\$0.060 and represents a discount of approximately 20% and 14% respectively, to the closing price of S\$0.075 per Share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 30 December 2010, being the last trading day preceding the date of this Announcement and the theoretical ex-rights trading price of S\$0.07 per Share.

As at the date of this Announcement, the Company has (i) an issued share capital comprising of 2,273,526,689 Shares ("**Existing Share Capital**"), (ii) outstanding vested share options ("**Outstanding Vested Share Options**") granted under the Company's share option scheme which are exercisable into 19,600,373 Shares, (iii) outstanding warrants ("**Outstanding Warrants**") which are exercisable into 85,556,527 Shares, and (iv) outstanding convertible bonds ("**Outstanding Convertible Bonds**") which are convertible into 187,270,000 Shares. Based on the Existing Share Capital and assuming only the Undertaking Shareholders (as defined below) subscribes for the 999,530,261 Rights Shares pursuant to their Irrevocable Undertakings (as defined below), only 999,530,261 Rights Shares will be issued pursuant to the Rights Issue ("**Minimum Subscription Scenario**"). Based on the Existing Share Capital and assuming (i) all the Outstanding Vested Share Options and Outstanding Warrants are exercised into 19,600,373 Shares and 85,556,527 Shares respectively before the Books Closure Date, (ii) all Outstanding Convertible Bonds are converted into 187,270,000 Shares before the Books Closure Date, and (iii) the Rights Shares are fully subscribed, 1,282,976,795 Rights Shares will be issued pursuant to the Rights Issue ("**Maximum Subscription Scenario**").

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement ("**OIS**") to be lodged with the Monetary Authority of Singapore in connection with the Rights Issue and will be dispatched to Entitled Shareholders in due course.

3. IRREVOCABLE UNDERTAKINGS

As at the date of this Announcement, Triumph Power Limited and Litebay Pte. Ltd., (the “**Undertaking Shareholders**”) hold an aggregate of 1,860,910,521 Shares, representing approximately 81.85% of the aggregate number of issued Shares. Triumph Power Limited who holds Outstanding Convertible Bonds which are convertible into 138,150,000 Shares and has on 31 December 2010 submitted a conversion notice to convert the same into 138,150,000 Shares. Pursuant to the terms and conditions of the convertible bonds, the Company would allot and issue the 138,150,000 Shares to Triumph Power Limited by 5 January 2011.

Accordingly, the Undertaking Shareholders will be entitled to subscribe for an aggregate of 999,530,261 Rights Shares (the “**Entitled Rights Shares**”).

As an indication of their support and commitment to the Company, each of the Undertaking Shareholders has given irrevocable undertakings dated 31 December 2010 to the Company, to, inter alia, subscribe and/or cause to be subscribed for and on his behalf, the Entitled Rights Shares (the “**Irrevocable Undertakings**”).

The Undertaking Shareholders will provide a confirmation of financial resources to undertake the above Irrevocable Undertakings to the Company in due course.

In view that the Undertaking Shareholders has given the Irrevocable Undertakings, the Rights Issue will not be underwritten by any financial institution.

4. PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Rights Issue is a strategic initiative to strengthen the Group’s financial position. The Company intends to utilise the Net Proceeds to finance the Group’s business expansion as well as for general working capital of the Group.

Assuming the Maximum Subscription Scenario where 1,282,976,795 Rights Shares will be issued, the Company expects to raise approximately S\$76.63 million after deducting estimated expenses of approximately S\$350,000.

Assuming the Minimum Subscription Scenario where 999,530,261 Rights Shares will be issued, the Company expects to raise approximately S\$59.62 million after deducting estimated expenses of approximately S\$350,000.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Directors are of the opinion that, barring unforeseen circumstances:

- (a) after taking into consideration the Company's present bank facilities, the working capital available to the Company and its subsidiaries is sufficient to meet their present requirements and the reasons for proposing to undertake the Rights Issue are to increase the Company’s capital base and strengthen its balance sheet and enhance the financial flexibility of the Company to capitalise on potential growth opportunities; and

- (b) after taking into consideration the Company's present bank facilities and the net proceeds of the Rights Issue, the working capital available to the Company and its subsidiaries will be sufficient to meet their present requirements.

The Company will make an announcement as to the use of the proceeds from the Rights Issue as and when such proceeds are materially disbursed and further, provide a status report on the specific use of such proceeds in its annual report.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

Entitled Depositors. Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date ("**Depositors**") will be provisionally allotted Rights Shares entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be "**Entitled Depositors**", Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Entitled Scripholders. Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP ("**Scripholders**") will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. ("**Share Registrar**"), in order to be registered to determine the transferee's provisional allotments of Rights Shares entitlements under the Rights Issue.

To be "**Entitled Scripholders**", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore must provide the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Entitled Depositors and Entitled Scripholders shall be collectively referred to as "**Entitled Shareholders**" in this Announcement.

Persons who bought their Shares previously using CPF Funds (as defined below) should use their CPF account savings ("**CPF Funds**") for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the OIS. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

Notwithstanding the foregoing, investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, provisional allotments of the Rights Shares and Rights Shares to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of provisional allotments of the Rights Shares to any securities account with CDP, the receipt of any provisional allotments of the Rights

Shares, or receipt of the OIS and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be prohibited. The Company reserves absolute discretion in determining whether any Shareholder located or resident outside Singapore may participate in the Rights Issue.

Foreign Shareholders. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10 to a single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

If such provisional allotments of Rights Shares cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

6. APPROVALS

The Rights Issue is subject to, *inter alia*, the following:

- (a) the listing and quotation notice for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST being obtained from the SGX-ST; and
- (b) the lodgment of the Offer Information Statement with all other accompanying documents (if applicable) by the Company with the Monetary Authority of Singapore ("**MAS**").

The Company will be making an application to the Sponsor and SGX-ST for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST in due course and would make the necessary announcements once the listing and quotation notice from the SGX-ST is received.

As the Company has obtained the Share Issue Mandate, no further Shareholders' approval is required for the Rights Issue and the issuance of Rights Shares arising therefrom.

7. ADJUSTMENTS TO SHARE OPTIONS , WARRANTS AND CONVERTIBLE BONDS

The Company may make adjustments with respect to the Outstanding Vested Share Options, Outstanding Warrants and Outstanding Convertible Bonds pursuant to its governing terms.

Details of such adjustments will be communicated separately to holders of such options, warrants and convertible bonds and will be announced via SGXNet in due course.

8. INDICATIVE TIMETABLE OF THE RIGHTS ISSUE

An indicative timetable for the Rights Issue will be set out in a further announcement following the receipt of the listing and quotation notice for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST from the SGX-ST.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors and substantial Shareholders have any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

10. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

By Order of the Board

Ong Chye Hong
Company Secretary
31 December 2010

"This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Huong Wei Beng (Tel: 65-6221 5590) at 79 Anson Road #15-03 Singapore 079906."