

DARCO WATER TECHNOLOGIES LIMITED

(Company Registration No. 200106732C)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 387,358,736 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.021 FOR EACH RIGHTS SHARE (THE "ISSUE PRICE"), ON THE BASIS OF SEVEN (7) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

RECEIPT OF APPROVAL IN-PRINCIPLE

The Board of Directors (the "**Directors**") of Darco Water Technologies Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 30 June 2014 relating to the Rights Issue (the "**Rights Issue Announcement**").

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Rights Issue Announcement.

Further to the Rights Issue Announcement, the Directors are pleased to announce that approval in-principle (the "**Approval In-Principle**") has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 11 November 2014 in respect of the Company's application for the dealing in, listing of and quotation for up to 387,358,736 Rights Shares at the Issue Price on the Official List of the SGX-ST pursuant to the Rights Issue.

The Approval In-Principle granted by the SGX-ST is subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) submission of: -
 - (i) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcement on use of proceeds and in the annual report; and
 - (ii) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any excess Rights Shares.

The Approval In-Principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

The circular in relation to the Rights Issue will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

THYE KIM MENG
Managing Director and Chief Executive Officer
11 November 2014