

DARCO WATER TECHNOLOGIES LIMITED

(Company Registration No. 200106732C)

(Incorporated in the Republic of Singapore)

**CLARIFICATION ANNOUNCEMENT IN RELATION TO THE REDEMPTION OF
STRUCTURED DEPOSITS**

The Board of Directors (the “Board”) of Darco Water Technologies Limited (the “Company” and together with its subsidiaries, the “Group”) refers to its announcements dated 27 November 2014 and 12 December 2014 on the reclassification of the Group’s cash and cash equivalents, and 19 December 2014 on the redemption of structured deposits amounting to RMB11 million.

The Board wishes to clarify that, prior to the placement of the redeemed RMB11 million as per the 19 December 2014 announcement, the Company has had two earlier separate placements of structured deposits with the same financial institution, i.e. RMB12 million which matured on 28 August 2014, and RMB5 million which matured on 25 September 2014, both of which were duly redeemed upon maturity.

On 16 September 2014, the Company then placed part of the fund, namely RMB11 million in a new placement. The remaining RMB 6 million was placed in Company’s Ordinary Savings account for working capital. This placement of RMB11 million was duly redeemed on 18 December 2014, as disclosed earlier. This fund is now placed in the Company’s ordinary savings account as well. The bank balance as at the 18 December 2014 in our Shanghai subsidiary, Shanghai Darco Engineering Co., Ltd stands at RMB17,483,651 or equivalent to S\$3,727,514.

By Order of the Board

Thye Kim Meng
Managing Director and Chief Executive Officer
29 December 2014