

DARCO WATER TECHNOLOGIES LIMITED
(Company Registration No. 200106732C)
(Incorporated in the Republic of Singapore)

UPDATE ON DARCO ENGINEERING (TAIWAN) CO., LTD.'S FRAUD CASE

(1) INTRODUCTION

The Board of Directors ("**Board**") of Darco Water Technologies Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to its Announcement made on 10th May 2013, whereby Darco Engineering (Taiwan) Co. Ltd.'s ("**DET**") former General Manager (Chen Kuai, then aged 54 years) and Administration Manager (Nina Chiu, then aged 46 years) have been formally charged by Taipei District Prosecutors Office for alleged fraud, breach of trust and misappropriating of company funds, while sixteen other suppliers have been charged for alleged complicity.

(2) UPDATE OF INFORMATION

On 18th June 2014, the Taipei District Court of Taiwan found Chen Kuai guilty of criminal breach of trust and embezzlement, sentencing him to a total of six (6) years imprisonment, while Nina Chiu has been found guilty only of embezzlement and has been sentenced to three (3) years and eight (8) months jail term. Third parties facilitators and conspirators had been dealt with separately.

The Company is of the view that this update has no material financial impact on the Group.

By Order of the Board

Thye Kim Meng
Managing Director and Chief Executive Officer
19 June 2014