



SOLUTIONS TO WATER & WASTE
DARCO WATER TECHNOLOGIES LIMITED

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

**ENTRY INTO SUBSCRIPTION AGREEMENT FOR SUBSCRIPTION OF SHARES IN DARCO
INFRACO VIETNAM WATER PTE. LTD.**

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or "**Directors**") of Darco Water Technologies Limited (the "**Company**") together with its subsidiaries, the "**Group**") refers to the press releases dated 20 July 2017 and 21 September 2017 and the announcement released by the Company on 2 February 2018. Unless otherwise defined herein, all capitalised terms herein shall have the meanings ascribed to them in the announcement released by the Company on 2 February 2018 (the "**Announcement**") in relation to, among others, the incorporation of Darco InfraCo Vietnam Water Pte. Ltd. (the "**JV Company**").
- 1.2 The Board wishes to announce that each of the Company and InfraCo has entered into a subscription agreement (the "**Subscription Agreement**") with the JV Company to subscribe for 1,040,815 and 1,000,000 new shares (such shares in the JV Company being subscribed by the Company hereinafter referred to as the "**Subscription Shares**"), respectively, in the JV Company (the "**Proposed Subscription**"). Upon completion of the Proposed Subscription, the shareholding structure of the JV Company will be as follows: -

Shareholder	No. of Shares / Percentage of Shares held before Completion	No. of Shares / Percentage of Shares held after Completion
The Company	1 / 100%	1,040,816 / 51%
InfraCo	-	1,000,000 / 49%

2. THE JV COMPANY

- 2.1 As set out in the Announcement, the JV Company was incorporated pursuant to a shareholders' agreement entered into by and between the Company and InfraCo for the conduct of the business to be undertaken by the JV Company.
- 2.2 As at the date of this announcement, the JV Company has an issued and paid-up capital of S\$1.00 comprising 1 ordinary share which is held by the Company.

3. RATIONALE FOR THE PROPOSED SUBSCRIPTION

As set out in the Announcement, the JV Company will hold 100% of the equity interest of a company in Vietnam, which will undertake the development, implementation, financing, construction and operation of a portfolio of water supply projects in Vietnam. As further announced by the Company on 3 April 2018 and 27 August 2018, Darco Viet Water Company Limited ("**Darco Viet**") has been incorporated in Vietnam as a wholly-owned subsidiary of the JV Company, and Darco Viet has incorporated a 90% owned subsidiary company in Vietnam, Darco Nghe An Company Limited ("**Darco Nghe An**"). The Proposed Subscription will increase the capital of the JV Company allowing the Company (via the JV Company) to undertake asset acquisitions, in line with the Group's plans to move across the value chain to take on ownership projects overseas, particularly Vietnam.

4. RELATIVE FIGURES UNDER RULE 1006

As none of the relative figures computed on the bases pursuant to Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) exceeds 5%, the Proposed Subscription constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual. This announcement is being made pursuant to Rule 1008(2) of the Listing Manual.

5. DETAILS OF THE CONSIDERATION

- 5.1 Pursuant to the Subscription Agreement, the consideration (the “**Consideration**”) payable by the Company for the Proposed Subscription is S\$1,040,816. The Consideration will be funded internally by the Company and will be satisfied fully in cash on completion, in accordance with the terms of the Subscription Agreement.
- 5.2 The Consideration was arrived at, after arm’s length negotiations between the parties, on a willing buyer, willing seller basis, after taking into account, among others, the value of the incoming assets acquired or to be acquired by the JV Company and the Company’s assessment of the business and prospects of the JV Company.

6. VALUE OF THE SUBSCRIPTION SHARES

As at the date of this announcement, the JV Company does not have any ongoing business activities. However, the JV Company has recently acquired, via its indirect subsidiary, Darco Nghe An, a water plant with a capacity of 2,000m³/day in Vietnam. As the acquisition was only completed recently, the JV Company does not have any existing revenue streams (whether via dividends or otherwise) from its subsidiaries. Based on the latest available accounts of the JV Company, the JV Company has net liabilities of S\$435,000 due to development costs. No valuation of the Subscription Shares has been commissioned by the Company.

7. FINANCIAL EFFECTS

The Proposed Subscription is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial year ending 31 December 2019.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholding interests and / or directorships in the Company (as the case may be), none of the Directors or, as far as the Company is aware, substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription.

The Company will update shareholders on any further material developments in connection with the Proposed Subscription where required under the Listing Manual.

By Order of the Board

Wang Yaoyu
Executive Chairman
2 July 2019