



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

CESSATION OF SUBSIDIARY:

ARISING FROM TRANSFER TO APPOINTED AGENTS FOR THE LIQUIDATION, WINDING-UP AND/OR DEREGISTRATION OF DORMANT SUBSIDIARY, DARCO ENVIRONMENTAL (PHILIPPINES), INC.

1. INTRODUCTION

The Board of Directors (the “**Directors**” or the “**Board**”) of Darco Water Technologies Limited (the “**Company**” and together with its subsidiaries, collectively, the “**Group**”) wishes to announce that the shareholders of its 65% indirectly-owned dormant subsidiary, Darco Environmental (Philippines), Inc. (“**Darco Philippines**”) have resolved to liquidate, wind-up and/or deregister Darco Philippines. Darco Philippines is a dormant company incorporated in the Philippines and held through the Company’s wholly-owned subsidiary, Darco Engineering Pte Ltd (“**Darco Engineering**”).

2. LIQUIDATION AND WINDING-UP

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) that in order to facilitate the liquidation and winding-up process of Darco Philippines which is expected to be a lengthy and possibly protracted process, the Company has agreed to transfer its shareholding in Darco Philippines to certain of the other shareholders as appointed agents (the “**Appointed Agents**”) to undertake the liquidation, winding-up and/or deregistration of Darco Philippines (the “**Dissolution**”) at a nominal transfer consideration.

In this regard, Darco Engineering will accordingly transfer shares constituting its 65% shareholding interest in Darco Philippines (the “**Transfer Shares**”) to the Appointed Agents to undertake the Dissolution. Accordingly and upon the transfer of the Transfer Shares to the Appointed Agents, Darco Philippines will cease to be an indirect subsidiary of the Company.

For the purposes of Rule 706A of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board notes that Darco Philippines will cease to be a subsidiary of the Company with effect from the date of the transfer of the Transfer Shares to the Appointed Agents.

The consideration payable by the Appointed Agents for the Transfer Shares is a nominal amount of S\$1.00. Since the consideration for the Disposal is nominal, there is no real proceed of sale. The consideration was derived after taking into consideration the fact that the transfer of the



Transfer Shares is to facilitate the Dissolution of Darco Philippines which is a dormant company. The net asset value represented by the Transfer Shares is PHP486,000 (equivalent to approximately S\$14,000 based on exchange rate of 1 S\$ = PHP35.5163).

As the relative figures of the Dissolution computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited do not exceed 5%, the Dissolution is classified as a non-discloseable transaction under Rule 1008 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The liquidation and winding-up of Darco Philippines is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2020.

None of the Directors and Shareholders of the Company has any interest, direct or indirect, in the transfer of the Transfer Shares to the Appointed Agents and the Dissolution of Darco Philippines, save for their interests (if any) by way of their shareholdings and/or directorships, as the case may be, in the Company. To the best of the Company's knowledge, the Appointed Agents do not have any connection (including business relationship) with the Company, its Directors and Shareholders.

BY ORDER OF THE BOARD

Poh Kok Hong
Executive Director and Chief Executive Officer

17 July 2020