

## **Darco Raises At Least S\$19.6 Million from Strategic Investor via Equity and Debt**

- New shares placement target of S\$19.7 million at S\$0.65 per share, with minimum of at least S\$15.6 million.
- Additional of loan support of S\$4.0 million to be used for the working capital of Wuhan Kaidi Water Services Co., Ltd.
- Potential asset injection from strategic investor set to improve the Group's earnings profile with recurring income stream

**Singapore, 23 October 2017** – Mainboard-listed Darco Water Technologies Limited (the “Company” or “Darco” or the “Group”) is pleased to announce that the Group has entered into a placement agreement to place out a minimum of 23,987,726 and a maximum of 30,251,151 of new shares (“Placement Shares”), subject to further corporate actions at S\$0.65 per share (“Placement Price”) to a strategic investor, Mr. Wang Zhi, or largely known as Robert Wang.

The Placement Shares represent approximately 29.5% of the Group's issued share capital. The Placement Price represents a premium of approximately 15.0% from the weighted average price of the Group's shares of S\$0.565 on 20 October 2017, being the full market day to which the Placement Agreement was signed. Following the completion of the placement, the issued share capital of the Group would be increased to a minimum of 81,314,327 and a maximum of 102,546,275 shares.

Mr. Wang will also be granting the Group a loan of S\$4.0 million which would be solely used for the working capital of the Group's subsidiary, Wuhan Kaidi Water Services Co., Ltd.

The Group intends to utilize the net proceeds to finance the business expansion of the Company and its subsidiaries, improve its cash flow, increase working capital, and for general corporate purposes.

Mr. Wang has more than 15 years of experience in the business of water and wastewater treatments and water supply. He is currently the Chairman of Future Holdings Group Co., Limited, (“FHG”) a company incorporated in Hong Kong which is involved in investment and management of water supply, renewable energy and tourism and ecological agriculture businesses as well as the Chairman of Silk Road Investment Holdings Co. Limited He is currently the majority owner of four BOT/BOO water supply and wastewater treatment projects with a total treatment capacity of 260 million litres per day and 80 million litres per day.

Prior to setting up FHG, he was the General Manager of a company listed on Bursa Malaysia and carried out business development of water and wastewater projects and investment in China. He was also the project manager of a Singapore incorporated company involved in water and wastewater treatment and power generation.

Tapping on Mr. Wang’s network and expertise in the water industry, there is also a potential asset injection from Mr. Wang which will change the earnings profile of the group where the Group can generate recurring income stream from Build-Operate-Transfer or Build-Operate-Own water treatment asset or concession (“Water Treatment Asset”). The Water Treatment Asset shall have a projected internal rate of return of not less than 12% during its operational lifespan based on the concession granted and shall be of a value not less than RMB80.0 million. The asset injection will present an opportunity for the Group to make a bargain purchase and shall be subject to the approval of the Board of Directors of the Group. In the event that the asset injection fails to take place within 24 months upon completion of the placement, Mr. Wang will pay a compensation sum of S\$2.0 million to the Group.

Commenting on the share placement, Mr. Thye Kim Meng, CEO of the Group, said, **“We are greatly heartened by the confidence that Mr Wang Zhi has shown in our Company. This investment by Mr. Wang, an expert in the water industry does not only demonstrate a strong testament to the Group’s solid business fundamentals and growth prospects but also strengthens our shareholder base.**

**In addition, our balance sheet is further strengthened by the share placement and loan support from Mr. Wang. The fresh funding from the placement and loan arrangement will allow the Group to accelerate organic growth and strategic acquisitions. In addition, the potential asset injection will also allow the Group to build up its recurring income stream which will further enhance shareholder value.”**

**About Darco Water Technologies Limited**

Established in 1999 and listed on SGX in 2002, Darco Water Technologies designs and delivers engineered solutions for water and wastewater systems for industrial and municipal customers. Its core management team has more than 19 years of experience in water treatment for a wide range of industries. Its markets include Mainland China and Southeast Asia.

For more information, please refer to [www.darcowater.com](http://www.darcowater.com)

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**Issued for and on behalf of Darco Water Technologies Limited  
by Financial PR Pte Ltd**

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