

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of the Company will be held at 25 Tai Seng Avenue #01-01 KOP Building Singapore 534104 on 28 April 2017 at 3.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

All capitalised terms in the resolutions below and defined in the circular dated 13 April 2017 to the shareholders of the Company (the “Circular”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

ORDINARY RESOLUTION: THE PROPOSED PLACEMENT OF AN AGGREGATE OF 2,500,000 PLACEMENT SHARES AT THE PLACEMENT PRICE OF S\$0.60 FOR EACH PLACEMENT SHARE TO STONE ROBERT ALEXANDER (THE “ROBERT STONE PLACEMENT”)

That:

- (a) approval be and is hereby given for the allotment and issue of 2,500,000 new ordinary shares in the capital of the Company (the “Placement Shares”) to Stone Robert Alexander (“Robert Stone”) at a placement price of S\$0.60 per Placement Share on the terms and subject to the conditions of the placement agreement dated 26 January 2017 entered into between the Company and Robert Stone;
- (b) pursuant to Rule 803 of the Listing Manual, approval be and is hereby given for the acquisition of a controlling interest in the Company by Robert Stone arising from the allotment and issuance of the Placement Shares to Robert Stone;
- (c) pursuant to Rule 812 of the Listing Manual, approval be and is hereby given for the allotment and issuance of 2,500,000 Placement Shares to Robert Stone, a substantial shareholder of the Company; and
- (d) any of the Directors be and is hereby authorised to complete and to do all acts and things as they may consider necessary or expedient for the purposes of and to give effect to this Ordinary Resolution 1 (including any amendment to the Robert Stone Placement Agreement and execution of any other documents) as they shall think fit and in the interests of the Company.

BY ORDER OF THE BOARD

Shirley Tan Sey Liy

Company Secretary

Singapore, 13 April 2017

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Marsiling Industrial Estate Road 9 #01-03 Singapore 739175 not less than forty-eight (48) hours before the time appointed for holding the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Protection:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CIRCULAR DATED 13 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Darco Water Technologies Limited (the "**Company**"), you should at once hand this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

In-principle approval has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the Placement Shares (as defined herein) on the Official List of the Main Board of the SGX-ST subject to certain conditions. The in-principle approval granted by the SGX-ST is not to be taken as an indication of the merits of the Placement (as defined herein), the Placement Shares, the Company and/or its subsidiaries.

SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy or correctness of any of the statements made, opinions expressed, or reports contained in this Circular.



SOLUTIONS TO WATER & WASTE

DARCO WATER TECHNOLOGIES LIMITED

(Company Registration No. 200106732C)

(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to:

THE PROPOSED ALLOTMENT AND ISSUE OF 2,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "PLACEMENT SHARES") TO STONE ROBERT ALEXANDER ("ROBERT STONE") AT THE PLACEMENT PRICE OF S\$0.60 PER PLACEMENT SHARE (THE "ROBERT STONE PLACEMENT")

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	26 April 2017 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	28 April 2017 at 3.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue)
Place of Extraordinary General Meeting	:	25 Tai Seng Avenue #01-01 KOP Building Singapore 534104

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:–

“Act”	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
“AIP”	:	Has the meaning ascribed to it at paragraph 1 of this circular
“Annual General Meeting”	:	An annual general meeting of the Company
“Board”	:	The board of Directors of the Company
“Business Day”	:	A day (other than Saturday and Sunday) on which banks are open for business in Singapore
“Capital Boom”	:	Capital Boom Limited
“Capital Boom Placement”	:	The proposed placement of 2,500,000 Placement Shares at the Placement Price of S\$0.60 each to Capital Boom
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 13 April 2017
“Company”	:	Darco Water Technologies Limited
“Completion Date”	:	The date of completion of the Robert Stone Placement
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or (b) in fact exercises control over the Company
“Director”	:	A person holding office as a director for the time being of the Company
“EGM”	:	An extraordinary general meeting of the Company
“Enlarged Share Capital”	:	Has the meaning ascribed to it at paragraph 2.2 of this Circular
“Existing Share Capital”	:	Has the meaning ascribed to it at paragraph 2.2 of this Circular
“Group”	:	The Company and its Subsidiaries

DEFINITIONS

“Latest Practicable Date”	:	3 April 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST as may be amended, varied or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Placement Agreements”	:	The placement agreements entered into on 26 January 2017 between the Company and each of Robert Stone and Capital Boom
“Placement Price”	:	The price for each Placement Share of S\$0.60
“Placement Shares”	:	The 5,000,000 new Shares to be allotted and issued by the Company to Robert Stone and Capital Boom pursuant to the Placement Agreements
“Placement”	:	The Robert Stone Placement and the Capital Boom Placement, collectively
“Register of Members”	:	The principal register of members (duly registered holders of Shares)
“Robert Stone”	:	Stone Robert Alexander, a substantial shareholder of the Company
“Robert Stone Placement”	:	The proposed placement of 2,500,000 Placement Shares at the placement price of S\$0.60 each to Robert Stone
“Robert Stone Placement Agreement”	:	The placement agreement entered into on 26 January 2017 between Robert Stone and the Company
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares in the capital of the Company
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
“substantial shareholder”	:	A Shareholder who has an interest in five per cent. (5%) or more of the total issued share capital of the Company

DEFINITIONS

“\$” or “S\$” and “cents” : Singapore dollar and cents respectively

“%” or “per cent.” : Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**Subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be.

All timings referred to in this Circular is made by reference to Singapore time.

References to “**paragraph**” are to the paragraphs of this Circular, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

DARCO WATER TECHNOLOGIES LIMITED

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

Board of Directors:

Thye Kim Meng (*Chairman, Managing Director
and Chief Executive Officer*)
Heather Tan Chern Ling (*Executive Director*)
Wang Yaoyu (*Executive Director*)
Tay Lee Chye Lester (*Lead Independent Director*)
Tay Von Kian (*Independent Director*)
Oh Chee Sian (*Independent Director*)

Registered Office:

21 Marsiling Industrial
Estate Road 9
#01-03
Singapore 739175

13 April 2017

To: The Shareholders of Darco Water Technologies Limited

Dear Sir/Madam

THE PROPOSED PLACEMENT OF AN AGGREGATE OF 2,500,000 PLACEMENT SHARES AT THE PLACEMENT PRICE OF S\$0.60 FOR EACH PLACEMENT SHARE TO STONE ROBERT ALEXANDER (THE “ROBERT STONE PLACEMENT”)

1. INTRODUCTION

The Board is convening the EGM to seek Shareholders' approval for the Robert Stone Placement in accordance with Rules 803 and 812 of the Listing Manual.

The purpose of this Circular is to provide Shareholders with information relating to the Robert Stone Placement to be tabled at the EGM to be held on 28 April 2017, notice of which is set out on pages N-1 to N-2 of this Circular.

An application was made by the Company to the SGX-ST for the listing of and the quotation for the Placement Shares. The Company had on 4 April 2017 received the in-principle approval from the SGX-ST for the listing of and quotation for the Placement Shares on the SGX-ST (the “AIP”), subject to certain conditions as set out in paragraph 2.7 of this Circular.

The AIP is not to be taken as an indication of the merits of the Placement, Placement Shares, the Company, its Subsidiaries and their securities. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. THE ROBERT STONE PLACEMENT

2.1 Background

On 26 January 2017, the Company announced that it had entered into the Placement Agreements with Stone Robert Alexander (“**Robert Stone**”) and Capital Boom Limited (“**Capital Boom**”) (each a “**Placee**”, and collectively, the “**Placees**”), pursuant to which the Placees had agreed to subscribe for, and the Company agreed to allot and issue, up to 5,000,000 Placement Shares to the Placees at the Placement Price, on the terms and subject to the conditions of the relevant Placement Agreements.

LETTER TO SHAREHOLDERS

There is no placement agent appointed for the Placement. The Placement Shares will be issued pursuant to Section 272B of the SFA. As such, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

2.2 Placement Shares

The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the Shares, save that the Placement Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the date of completion of the Placement.

The Placement Shares to be issued to Robert Stone represent approximately 4.78% of the existing issued share capital of the Company of 52,326,601 Shares (the “**Existing Share Capital**”) and approximately 4.36% of the enlarged share capital of the Company of 57,326,601 Shares (the “**Enlarged Share Capital**”).

2.3 Placement Price

The Placement Price represents a premium of approximately 60% to the volume weighted average price of S\$0.3751 for each Share for trades done on the SGX-ST for the full market day on 16 January 2017 (being the last trading day prior to the signing of the Placement Agreement).

The Placement Price was agreed upon based on arm’s length negotiations between Robert Stone and the Company.

2.4 Details on Robert Stone

As at the Latest Practicable Date, Robert Stone is a substantial shareholder of the Company as he holds 6,270,000 Shares which represents approximately 11.98% of the Existing Share Capital.

Robert Stone has been one of the largest shareholders of the Company since 1 July 2010, and has previously supported the Company in its fundraising activities, such as the Company’s rights issue exercise in 2015. As the Company understands from Robert Stone that he believes in the Company’s management, vision and general growth strategy, the Company commenced discussions with Robert Stone on the proposed placement of Shares to him. As at the Latest Practicable Date, Robert Stone does not hold any position in the Company.

As at the Latest Practicable Date, the Company understands that Robert Stone does not intend to become a director or assume any executive position within the Company following his acquisition of a controlling interest in the Company. Shareholders should note that Robert Stone and his associates will be abstaining from voting on the resolution in connection with the Robert Stone Placement. For any future resolutions which Robert Stone may have an interest (direct or deemed), Robert Stone and his associates shall also abstain from voting on such resolutions. Accordingly, the Company does not believe that there will be any conflict of interest that may arise from Robert Stone becoming a Controlling Shareholder.

LETTER TO SHAREHOLDERS

Upon completion of the Placement (which comprises both the Capital Boom Placement and the Robert Stone Placement) and assuming that the Company does not allot and issue additional Shares up to the completion of the Placement, Robert Stone will acquire a controlling interest in the Company as he will hold an aggregate of 8,770,000 Shares, and approximately 15.30% of the Enlarged Share Capital.

2.5 Authority to Issue the Placement Shares

2.5.1 The Robert Stone Placement

(i) Rule 803 of the Listing Rules

Pursuant to Rule 803 of the Listing Rules of the SGX-ST Listing Manual (the “**Listing Rules**”), an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

Upon completion of the Placement, Robert Stone will acquire a controlling interest in the Company as he will hold an aggregate of 8,770,000 Shares, and approximately 15.30% of the Enlarged Share Capital. As such, the Company will be seeking Shareholders’ approval for the Robert Stone Placement at an EGM to be convened, notice of which is set out on pages N-1 to N-2 of this Circular, pursuant to Rule 803 of the Listing Manual.

(ii) Rule 812 of the Listing Rules

Pursuant to Rule 812 of the Listing Rules, an issue must not be placed to (i) an issuer’s substantial shareholders, or (ii) substantial shareholders, related companies (as defined in Section 6 of the Act), associated companies and sister companies of the issuer’s substantial shareholders, unless specific shareholders’ approval for such a placement has been obtained.

As Robert Stone is a substantial shareholder of the Company, the Company will be seeking the approval from the Shareholders for the Robert Stone Placement at the EGM, notice of which is set out on pages N-1 to N-2 of this Circular, pursuant to Rule 812 of the Listing Manual.

2.5.2 The Capital Boom Placement

The Placement Shares issued pursuant to the Capital Boom Placement were to be issued pursuant to the share issue mandate which was approved by Shareholders at the Annual General Meeting of the Company convened on 20 April 2016.

As at the Latest Practicable Date, Capital Boom does not have any connection (including business dealings) with the Company, the Company’s substantial shareholders or its Directors. There is no relationship between Robert Stone and Capital Boom.

As at the Latest Practicable Date, the Company understands that Capital Boom does not intend to appoint a director or appoint a representative to assume any executive position within the Company following the Capital Boom Placement.

LETTER TO SHAREHOLDERS

As at 7 April 2017, the Placement Shares pursuant to the Capital Boom Placement has been issued and allotted.

2.6 Conditions Precedent

Completion of the Robert Stone Placement is conditional upon the following:

- 2.6.1 Robert Stone having obtained all governmental approvals in Singapore or elsewhere required under any applicable laws for the remittance of the placement consideration to the bank account designated by the Company;
- 2.6.2 the AIP for the listing of the Placement Shares and the approval of the Shareholders at the EGM (the “**Shareholders’ Approval**”) having been obtained (on terms and conditions acceptable to the Company and Robert Stone, each acting reasonably) and not being revoked or amended, and any conditions attached to the AIP which is required to be fulfilled on or before the Completion Date, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
- 2.6.3 the Robert Stone Placement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Robert Stone Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or Robert Stone (including but not limited to the SGX-ST);
- 2.6.4 there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the representations and warranties contained in the Robert Stone Placement Agreement as if they were repeated on and as of the Completion Date; and
- 2.6.5 the Company or Robert Stone is not in breach of any of the undertakings and covenants given in the Robert Stone Placement Agreement as at the Completion Date, and if any of such undertakings and covenants are required to be fulfilled on or before the Completion Date, such undertakings and covenants shall have been fulfilled prior to the Completion Date,

(collectively, the “**Conditions Precedent**”).

If any of the Conditions Precedent is not satisfied or waived in whole or in part by the Company on or before the date falling 120 calendar days after 26 January 2017 or such other date as the Company and Robert Stone may agree, the Company and Robert Stone shall be released and discharged from their respective obligations under the Robert Stone Placement Agreement, save for certain rights and liabilities accrued on or prior to such termination according to the terms of the Robert Stone Placement Agreement.

2.7 SGX-ST Conditions

On 4 April 2017, the Company received the AIP in respect of the Placement, subject to, *inter alia*, the following conditions:

- 2.7.1 compliance with the SGX-ST’s listing requirements;
- 2.7.2 Shareholders’ approval in respect of the Robert Stone Placement; and

LETTER TO SHAREHOLDERS

2.7.3 submission of the following documents:

- (i) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Rules in relation to the use of proceeds from the Proposed Placement, and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for the working capital in the Company's announcements on the use of proceeds and in the annual report of the Company;
- (ii) a written undertaking from the Company that it will ensure that the Company will comply with Rule 803 of the Listing Manual; and
- (iii) a written undertaking from the Company that it will ensure that the Company will comply with Rule 812 of the Listing Manual.

The AIP is not to be taken as an indication of the merits of the Placement, the Placement Shares, the Company, its Subsidiaries and their securities. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

3. RATIONALE AND USE OF PROCEEDS

3.1 The rationale for the Placement is to raise funds for the Company to invest in public-private partnership water infrastructure projects, and for general working capital purposes.

3.2 The aggregate consideration payable by both Robert Stone and Capital Boom is S\$3,000,000 (the "**Placement Consideration**"). The estimated net proceeds from the Placement is S\$2,966,000, after deducting estimated fees and expenses) of approximately S\$34,000 (the "**Net Proceeds**"). The Company intends to utilise the Net Proceeds in the following proportion:

Use of Net Proceeds	Proportion of Net Proceeds (%)	Approximate Amount (\$ million)
Funding of new projects or investments	70	2,076,200
Working Capital	30	889,800

For the avoidance of doubt, while Capital Boom had approached the Company with the intention of introducing business project opportunities, the Company will not be using the Net Proceeds which has been allocated towards the funding of new projects or investments as stated above to fund the business project opportunities proposed or to be proposed by Capital Boom. Shareholders should also note that the Capital Boom Placement is not conditional on any of the business project opportunities introduced or to be introduced by Capital Boom to the Company.

The Company wishes to highlight that should the Company not proceed with the Robert Stone Placement, the Company may not have sufficient funds for the purposes of investing in public-private partnership water infrastructure projects.

LETTER TO SHAREHOLDERS

3.3 Pending deployment of the Net Proceeds for such purposes, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit in the interests of the Group.

3.4 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed, and will provide a status report on the use of the Net Proceeds in the annual report of the Company. Where the Net Proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and annual reports.

4. FINANCIAL EFFECTS

4.1 The financial effects of the Robert Stone Placement as presented herein are purely for illustrative purposes only and are not projections of the actual future financial performance or financial position of the Group after the Placement. The financial effects have been computed based on the following bases and assumptions:

4.1.1 the audited consolidated financial statements of the Group for the financial year ended 31 December 2016;

4.1.2 the Capital Boom Placement has been completed;

4.1.3 the effect of the Robert Stone Placement on the net tangible asset (“NTA”) per Share is computed based on the issued share capital of 54,826,601 Shares prior to the Robert Stone Placement and the assumption that the Robert Stone Placement was completed on 31 December 2016; and

4.1.4 the effect of the Robert Stone Placement on the earnings per share (“EPS”) is computed based on the weighted average number of 49,340,077 Shares prior to the Robert Stone Placement and 51,840,077 Shares after completion of the Robert Stone Placement, on the assumption that the Robert Stone Placement was completed on 1 January 2016.

4.2 Share Capital

	The Company	
	Before Completion of the Robert Stone Placement	After completion of the Robert Stone Placement
Share capital (S\$)	57,392,648.426	58,892,648.426
Number of issued and paid-up Shares	54,826,601	57,326,601

4.3 Net Tangible Asset (NTA)

	The Group	
	Before Completion of the Robert Stone Placement	After completion of the Robert Stone Placement
NTA (S\$'000)	26,374	27,857
Number of issued and paid-up Shares	54,826,601	57,326,601
NTA per Share (Singapore cents)	48.10	48.59

LETTER TO SHAREHOLDERS

4.4 Earnings

	The Group	
	Before Completion of the Robert Stone Placement	After completion of the Robert Stone Placement
Earnings (S\$'000)	2,572	2,572
Number of issued and paid-up Shares	49,340,077	51,840,077
Earnings per Share (Singapore cents)	5.21	4.96

4.5 Gearing

	The Group	
	Before Completion of the Robert Stone Placement	After completion of the Robert Stone Placement
Total debts (S\$'000)	3,685	3,685
Total tangible net worth ⁽¹⁾ (S\$'000)	16,938	18,421
Gearing (times)	0.22	0.20

Note:

(1) Total tangible net worth is calculated as total equity less non-controlling interest, less intangible assets.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 Directors' and substantial shareholders' Interests

The interests of Directors and the substantial shareholders of the Company as at the Latest Practicable Date, and the effects of the Robert Stone Placement on the shareholding structure of the Company, are set out below:

Name	As at the Latest Practicable Date ⁽¹⁾ (Number of Shares)			Before the Robert Stone Placement ⁽¹⁾ (%)	After the Robert Stone Placement ⁽¹⁾ (%)
	Direct Interest	Deemed Interest	Total Interest		
Directors					
Thye Kim Meng	7,155,485	–	7,155,485	13.05	12.48
Heather Tan Chern Ling	8,160	–	8,160	0.01	0.01
Wang Yaoyu	–	13,387,118 ⁽²⁾	13,387,118	24.42	23.35
Tay Lee Chye Lester	–	–	–	–	–
Tay Von Kian	–	–	–	–	–
Oh Chee Sien	–	–	–	–	–

LETTER TO SHAREHOLDERS

Name	As at the Latest Practicable Date ⁽¹⁾ (Number of Shares)			Before the Robert Stone Placement ⁽¹⁾ (%)	After the Robert Stone Placement ⁽¹⁾ (%)
	Direct Interest	Deemed Interest	Total Interest		
Directors					
Substantial Shareholders (other than Directors)					
Robert Alexander Stone	6,270,000	–	6,270,000	11.44	15.30
Wuhan Liankai Investment Co., Ltd.	13,387,118	–	13,387,118	24.42	23.35
Wah Lee Industrial Corp.	4,589,869	–	4,589,869	8.37	8.01

Notes:

- (1) Assuming that the Capital Boom Placement has been completed.
- (2) As at the Latest Practicable Date, Wang Yaoyu holds approximately 25.07% of the total equity of Wuhan Liankai Investment Co., Ltd. By virtue of Section 7 of the Companies Act, he is deemed interested in the Shares held by Wuhan Liankai Investment Co., Ltd.

5.2 Save for Robert Stone who is currently a substantial shareholder, to the best of the Directors' knowledge, none of the substantial shareholders, as well as their respective associates, has any interest, whether direct or indirect, in the Robert Stone Placement.

Save for their respective interests in the Shares, none of the Directors and their respective associates, has any interest, whether direct or indirect, in the Robert Stone Placement.

6. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale for the Robert Stone Placement, are of the opinion that the Robert Stone Placement is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution in relation to the Robert Stone Placement as set out in the Notice of the EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held on 28 April 2017 at 3.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) at 25 Tai Seng Avenue #01-01 KOP Building Singapore 534104 for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

8. ABSTENTION FROM VOTING

In accordance with Rule 812(2) of the Listing Manual, Robert Stone and his associates shall abstain from voting on the resolution approving the Robert Stone Placement.

Furthermore, Robert Stone shall decline, and ensure that his associates decline to accept appointment as proxy/proxies to vote at the EGM in respect of the resolution relating to the Robert Stone Placement for other Shareholders unless the Shareholders concerned shall have given specific instructions as to the manner in which their votes are to be cast at the EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 21 Marsiling Industrial Estate Road 9 #01-03 Singapore 739175 not later than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Robert Stone Placement, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

11. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 21 Marsiling Industrial Estate Road 9 #01-03 Singapore 739175, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Robert Stone Placement Agreement; and
- (b) the annual report of the Company for the financial year ended 31 December 2016.

Yours faithfully

For and on behalf of the Board of Directors of
DARCO WATER TECHNOLOGIES LIMITED

Thye Kim Meng
Chairman, Managing Director and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

DARCO WATER TECHNOLOGIES LIMITED

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the Company will be held at 25 Tai Seng Avenue #01-01 KOP Building Singapore 534104 on 28 April 2017 at 3.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

All capitalised terms in the resolutions below and defined in the circular dated 13 April 2017 to the shareholders of the Company (the “**Circular**”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

ORDINARY RESOLUTION : THE PROPOSED PLACEMENT OF AN AGGREGATE OF 2,500,000 PLACEMENT SHARES AT THE PLACEMENT PRICE OF S\$0.60 FOR EACH PLACEMENT SHARE TO STONE ROBERT ALEXANDER (THE “ROBERT STONE PLACEMENT”)

That:

- (a) approval be and is hereby given for the allotment and issue of 2,500,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) to Stone Robert Alexander (“**Robert Stone**”) at a placement price of S\$0.60 per Placement Share on the terms and subject to the conditions of the placement agreement dated 26 January 2017 entered into between the Company and Robert Stone;
- (b) pursuant to Rule 803 of the Listing Manual, approval be and is hereby given for the acquisition of a controlling interest in the Company by Robert Stone arising from the allotment and issuance of the Placement Shares to Robert Stone;
- (c) pursuant to Rule 812 of the Listing Manual, approval be and is hereby given for the allotment and issuance of 2,500,000 Placement Shares to Robert Stone, a substantial shareholder of the Company; and
- (d) any of the Directors be and is hereby authorised to complete and to do all acts and things as they may consider necessary or expedient for the purposes of and to give effect to this Ordinary Resolution 1 (including any amendment to the Robert Stone Placement Agreement and execution of any other documents) as they shall think fit and in the interests of the Company.

BY ORDER OF THE BOARD

Shirley Tan Sey Liy
Company Secretary

Singapore, 13 April 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Marsiling Industrial Estate Road 9 #01-03 Singapore 739175 not less than forty-eight (48) hours before the time appointed for holding the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Protection:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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DARCO WATER TECHNOLOGIES LIMITED

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

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
EXTRAORDINARY GENERAL MEETING
(Please see notes overleaf before completing this Form)

I/We _____ (Name), _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members* of **DARCO WATER TECHNOLOGIES LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

as my/our* proxy/proxies* to vote for me/us* on my/our* behalf, at the Extraordinary General Meeting (the "EGM") of the Company to be held at 25 Tai Seng Avenue #01-01 KOP Building Singapore 534104 on 28 April 2017 at 3.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

NO.	ORDINARY RESOLUTION	No. of Votes 'For'***	No. of Votes 'Against'***
1.	To approve the Robert Stone Placement		

** (If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this _____ day of _____ 2017.

Total Number of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s)
and/or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint (1) one or (2) two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 21 Marsiling Industrial Estate Road 9 #01-03 Singapore 739175 not less than forty-eight (48) hours before the time appointed for the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in according with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investors**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 13 April 2017.

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

RESULTS OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used herein, unless otherwise defined, shall have the definitions ascribed to them in the circular despatched to shareholders of the Company on 13 April 2017.

The Board of Directors (the "**Board**") of Darco Water Technologies Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that at the Extraordinary General Meeting (the "**EGM**") held on Friday, 28 April 2017, the resolution relating to the matter set out in the Notice of EGM dated 13 April 2017 was voted by way of a poll.

The result of the poll on the resolution is set out below as confirmed by Ardent Business Advisory Pte Ltd, who acted as an independent scrutineer at the EGM:

Resolutions and Details	Total number of shares represented by votes for and against the relevant resolution	For		Against		Results
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)	
<u>Ordinary Resolution</u> To Approve the Robert Stone Placement	20,817,813	20,817,813	100.00	0	0.00	Carried

Robert Stone and his associates had abstained from voting on the Ordinary Resolution. An aggregate of 6,270,000 shares were held by Robert Stone and his associates present at the EGM.

By Order of the Board

Thye Kim Meng
Chairman, Managing Director and Chief Executive Officer
28 April 2017