

DARCO WATER TECHNOLOGIES LIMITED

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

For Immediate Release

NEWS RELEASE

Darco BOO (Build, Own and Operate) waste recovery project in TaoYuan County, Taiwan to generate S\$36.0 million (NT\$800 million) revenue

Darco Water Technologies Limited (the "Company" or "Darco" or the "Group") is pleased to announce that it has set up an Special Purpose Vehicle (SPV) company in Taiwan to build, own and operate (BOO) a Waste Recycling Facility (WRF) under a Public Private Partnership scheme with the TaoYuan County (County) government in Taiwan to recycle solid wastes in the County

Under the term of the agreement, the SPV will handle exclusively all domestic garbage for the County; a guarantee minimum volume of 50,000 kg per day shall be delivered to the WRF by the County government from 1st June 2008 to 31st May 2014. The County government has also an option to extend the agreement for a further 6-year term at the end of the current contract.

The SPV has a paid up capital of S\$3.6 million (NT\$80,000,000). It will construct a WRF consisting of, inter alia, an automatic solid segregation machine with a 100,000 kg/day design capacity to cater for waste solids from industrial and commercial sectors as well as those domestic waste delivered by the County government and in anticipation of future increase waste solid in the County.

The WRF will process the recyclable waste and sell them under 13 categories namely Paper, Ferrous iron, Aluminum, Glass, Plastics, Dry cell batteries, Lead acid batteries, Tyres and rubber, Electrical appliances, Computer parts and hand-phones, Lamps and bulbs, Media discs and Fabrics and garments. The SPV is expected to generate more than NT\$800,000,000.00 in revenue from the sale of recycled products based on a 50,000 kg/day of domestic waste from the County government.

Said Mr KM Thye, Group CEO, "The TaoYuan county initiative is believed to be the first in Taiwan. If the WRF is successful, many other counties in Taiwan, up to 23, are likely to be interested. The prospect for expansion is very promising indeed since the incoming Taiwan government has also in its election manifesto endeavor to increase substantially its infrastructure development in Taiwan".

Financial Impact

The SPV is expected to be operational from 1st June 2008 and it is likely to contribute positively to the total revenue and profit for the Company. However, it is not the Company's policy to reveal publicly its Internal Rate of return from individual project.

Director's and Substantial Shareholder's Interest

None of Darco's Directors or substantial shareholders has any direct or indirect interest in the Contract.

About TaoYuan County

TaoYuan County forms one of the 23 municipalities in Taiwan. It has a local government based on local elections every four years. It has a population of approximately 2 million people. The population of Taiwan as a whole is about 23 million people.

About Darco Water Technologies Limited

Listed on SGX Sesdaq in July 2002, Darco is a provider of integrated engineering and knowledge-based water treatment solutions. Established in 1999 to design, fabricate, assemble, install, commission and service engineered water systems for industrial use in Singapore and Malaysia, Darco has developed systems and services based on both membrane and ion exchange technologies. Within a span of three years, Darco has formulated over 200 engineered water system solutions.

The Group, which has operations in Singapore, Malaysia, the PRC, Taiwan, Philippines and Indonesia, serves companies across diverse industries – electronics, semiconductor, textile, food and beverage, printed circuit board and pharmaceuticals and municipal water and wastewater projects.