

DARCO WATER TECHNOLOGIES LIMITED
Registration No. 200106732C

Syndicated Loan Facility Received Strong Response From A Consortium Of International Banks in Singapore

The Board of Directors of Darco Water Technologies Limited (the "Company") wishes to announce that the Company has on 20th November 2006 entered into a Syndicated Loan Facility Agreement (the " Facility") with a group of international banks and financial institutions arranged by Raiffeisen ZentralBank Osterreich AG (" RZB – Austria"), Singapore Branch.

The Company will be using the proceeds from this Facility to fund the Group's projects and other investments as well as refinancing existing borrowings and funding working capital requirements, save for those arising from the municipal wastewater projects in Ker-Ya and Chu-Bei, Taiwan, in respect of which the Group has earlier secured the necessary financing aggregating some S\$24 millions from ANZ Banking Group and Chang Hwa Bank in Taiwan.

The Facility comprises a 4-year US\$9 million multi-currency term loan facility, a 4-year US\$12 million multi-currency Revolving Credit Facility and a 4-year S\$4 million Revolving Credit Facility. The 2 said Revolving Credit Facilities are extendable at the Borrower's option at the end of the fourth year.

The Facility received strong response from a group of international banks, including RZB – Austria and was oversubscribed upon its closing. To optimize its capital structure, the Company upsized the Facility from US\$20 million to a total of US\$21 million and S\$4 million.

Commenting on the successful closing of this Facility, Chief Executive Officer Mr K M Thye said " The management is pleased with the strong response and would like to thank RZB - Austria and the other participating international banks for their strong support and confidence in Darco"

"Through this Facility, the Group is able to further optimized its capital structure while keeping the Group's consolidated net debts to equity at a comfortable level. This Facility will significantly enhance our ability to leverage our robust order book of projects and fund new revenue opportunities regionally, particularly, China and Taiwan" Mr Thye concluded.

Quote by RZB spokesman, "We are pleased to have successfully arranged and closed a USD23 million Dual Trench 4 And 5 Year Syndicated Loan for public listed Darco Water Technologies Ltd. This transaction signifies RZB's commitment to finance and be a strong partner to local companies like Darco Water in their business expansion and future growth."

The Facility is not expected to have a material effect on the net tangible assets per share and earnings per share of the Company for the current financial year ending 31st December, 2006.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction.

BY ORDER OF THE BOARD
DARCO WATER TECHNOLOGIES LIMITED

Submitted by Yap Keck Meng, Financial Controller on 20/11/2006 to the SGX