

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

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**FURTHER UPDATE ON THE DEED OF SETTLEMENT AND TRANSFER IN RELATION TO  
THE EXERCISE OF THE REVERSAL OPTION – ISSUANCE OF LETTER OF DEMAND**

**- RE: ACQUISITION OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF PT  
PANGHEGAR ENERGY INDONESIA)**

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**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**”) refers to:

- (a) the Company’s announcement on the proposed acquisition of 75% of the total issued and paid-up share capital of PT Panghegar Energy Indonesia (“**PEI**”) (the “**Acquisition**”) released on the SGXNET on 4 November 2019;
- (b) the Company’s announcement on the constitution of PEI as a 75% subsidiary of the Company released on the SGXNET on 28 February 2020;
- (c) the Company’s announcement on 29 May 2020 regarding the update on the Acquisition;
- (d) the Company’s announcement on 8 June 2020 regarding the update on the Acquisition;
- (e) the Company’s announcement on 25 June 2020 regarding the update on the Acquisition;
- (f) the Company’s announcement on 24 July 2020 regarding the update on the Acquisition;
- (g) the Company’s announcement on 27 July 2020 regarding the update on the Acquisition, including on the exercise of the Reversal Option by the Company;
- (h) the Company’s announcement on 14 August 2020 for its unaudited financial statements for the half year ended 30 June 2020 which includes, *inter alia*, the update on the Acquisition;
- (i) the Company’s announcement on 26 November 2020 regarding the update on the Acquisition, including the entry by the Company into a deed of settlement and transfer (the “**Deed of Settlement**”) with Emsus Co. Ltd. and Mr Do Yun Yu;
- (j) the Company’s announcement on 22 December 2020 regarding the update on the exercise of the Reversal Option, including the deferment of the Completion Date;

- (k) the Company's announcement on 29 January 2021 regarding the partial payment of US\$300,000.00 towards the First Settlement Payment and further deferment of the Completion Date and payment of the outstanding US\$200,000.00 of the First Settlement Payment; and
- (l) the Company's announcement on 4 August 2021 regarding the further deferment of the Completion Date and payment of the outstanding US\$200,000.00 of the First Settlement Payment (the "**4 August 2021 Announcement**"),  
  
(collectively, the "**Previous Announcements**").

*Unless otherwise defined herein, capitalised terms shall have the meaning ascribed to them in the Previous Announcements.*

## **2. UPDATE ON THE DEED OF SETTLEMENT AND THE EXERCISE OF THE REVERSAL OPTION – ISSUANCE OF LETTER OF DEMAND**

As disclosed in the 4 August 2021 Announcement, the Company had agreed to further defer the Completion Date and payment of the outstanding US\$200,000.00 of the First Settlement Payment (together with interest accrued thereon at the rate of 2.5% per annum calculated on the outstanding US\$200,000.00 of the First Settlement Payment (or, where there is part payment, the shortfall amount)) to: (i) 30 September 2021; or (ii) if the payment or settlement of the Emsus Transaction were to occur earlier, such date (which, for the avoidance of doubt, shall be a date earlier than 30 September 2021) on which the aforesaid payment or settlement is to be made.

Further to the 4 August 2021 Announcement, the Company wishes to update shareholders that the Company had on 4 October received the additional payment of US\$100,000 towards the First Settlement Payment. However, as of the date of this announcement, the remaining sum of US\$100,000 towards the First Settlement Payment remains outstanding.

Given that the Company has granted no less than 3 extensions of time for the First Settlement Payment to be paid and Emsus has failed to make full payment of the same by 30 September 2021, the Company has on 8 October 2021 issued a letter of demand (the "**Letter of Demand**") demanding that Emsus and/or Mr Do Yun Yu repay the total sum of US\$914,363.29 (which comprises the outstanding portion of US\$100,000 towards the First Settlement Payment, the US\$500,000 towards the Second Settlement Payment, the US\$313,000 towards the Third Settlement Payment and all accrued interest) to the Company within seven (7) days of the date of the Letter of Demand. Pursuant to the Deed of Settlement, the Company has the right to enforce the immediate and full payment of the Settlement Amount if Emsus fails to comply with any of its obligations under the Deed of Settlement.

The Company will make the necessary announcements to update shareholders as and when there are any further developments in relation to the above matter.

### **3. IMPACT ON THE FINANCIAL POSITION OF THE COMPANY**

- 3.1 The Company has previously made a partial impairment of US\$160,042 (equivalent to S\$217,269) for the amount owing to the Company from Emsus.
- 3.2 In the event that further impairment is subsequently required to be made, and based on information available to the Company as of the date hereof, the maximum further impairment amount that may be required to be made in the financial statements of the Company for the financial year ended 31 December 2021 (“**FY2021**”) will be approximately US\$752,958 (equivalent to S\$1,022,193) (the “**Emsus Further Impairment**”). The Emsus Further Impairment will have a material impact on the financial performance of the Company for FY2021. Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2020 (“**FY2020**”), the Emsus Further Impairment will amount to approximately 56% of the Group’s profit before tax for FY2020.

### **4. CAUTION IN TRADING**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. The Company will make the necessary announcements as and when there are further developments in relation to the above matter. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, financial advisors, legal advisors and/or other professional advisors if they have any doubt about the actions they should take.**

#### **BY ORDER OF THE BOARD**

Kong Chee Keong  
Executive Director and Chief Executive Officer

8 October 2021