
UPDATE ON THE TERMINATION OF THE LETTER OF INTENT DATED 30 OCTOBER 2018 IN RELATION TO THE PURCHASE OF CON DAO GREEN ENERGY CO. LTD.

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Darco Water Technologies Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s previous announcements made on 31 October 2018, 1 November 2018 and 26 August 2019 in relation to the issuance by Darco Water Systems Sdn. Bhd. (“**DWS**”), a subsidiary of the Company, of the letter of intent dated 30 October 2018 (the “**LOI**”) to purchase Con Dao Green Energy Co., Ltd. (“**Con Dao Green Energy**”), the Build-Own-Operate developer of Con Dao Solar Power Park in Vietnam (the “**Con Dao Project**”), and the Company’s previous announcement made on 13 August 2021 (the “**Previous Announcements**”) in relation to the termination of the Letter of Intent.

Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Previous Announcements.

2. UPDATE ON THE TERMINATION OF THE LOI

As disclosed in the Previous Announcements, the Group has to date advanced US\$600,000 by way of a refundable deposit for design works undertaken in respect of the Con Dao Project (the “**Advance Sum**”). Pursuant to the termination of the LOI, the Group has sought a full refund of the Advance Sum within 14 days from the date of termination of the LOI (i.e. by no later than 26 August 2021) from Con Dao Green Energy.

The Company wishes to update shareholders that as of the date of this announcement, Con Dao Green Energy has not repaid the Advance Sum, and the management of the Company is currently in discussions with the counterparty and its major promoter shareholder, Dr. Dinh Minh Dao, in order to arrive at a resolution satisfactory to the Company.

In the event that the Company is unable to arrive at a satisfactory resolution with the counterparty and Con Dao Green Energy is not willing and/or is unable to repay the Advance Sum, further impairment may then be required. 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 FY2021 will be approximately US\$600,000 (equivalent to approximately S\$811,950).

The further impairment, if made, will have a material impact on the financial performance of the Company. Based on the latest audited consolidated financial statements of the Company



for FY2020, the further impairment will amount to approximately 45% of the Group's profit before tax for FY2020.

3. EXERCISE OF CAUTION ADVISED

The Board will continue to monitor and assess the situation and the Company will make further announcements as and when there are material developments or findings concerning the above. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and, when in doubt, are advised to consult with their own legal advisors, financial advisors, stockbrokers, bank managers and/or other professional advisors.

BY ORDER OF THE BOARD

Kong Chee Keong
Executive Director and Chief Executive Officer

4 October 2021