



SOLUTIONS TO WATER & WASTE
DARCO WATER TECHNOLOGIES LIMITED
(Company Registration No. 200106732C)
(Incorporated in the Republic of Singapore)

UPDATE ANNOUNCEMENT

Alternative Water Treatment Asset offered by Mr. Wang Zhi for the purposes of Asset Injection (as defined in and obliged under the terms of the Placement Agreement dated 12 October 2017 (as amended by the Supplemental Agreement dated 9 September 2019) (“Placement Agreement”)) and the Deed of Undertaking dated 23 November 2017 (as amended by the Supplemental Deed dated 9 September 2019 (the “Deed of Undertaking”))

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Darco Water Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its previous announcements made on 23 October 2017, 5 November 2018, 9 September 2019, 17 September 2019, 16 August 2021, 23 September 2021, and 6 October 2021 in relation to the Gaoyi Project, its response to the queries raised by the Singapore Exchange Regulation on 11 October 2021 released on 13 October 2021, the announcement made on 2 November 2021, as well as the update announcements on the issuance of the AWTA Notice of Rejection in respect of the Alternative Water Treatment Asset made on 21 March 2022 and 18 April 2022 (collectively, the “**Previous Announcements**”).

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 SETTLEMENT OF COMPENSATION SUM OF S\$2,000,000

As announced on 18 April 2022, the Company has been in communications with and has exchanged several correspondences with Mr. Wang Zhi on the settlement of the compensation sum of S\$2,000,000 that is payable following the delivery of the AWTA Notice of Rejection. The Board wishes to inform Shareholders that Mr. Wang Zhi has taken the position that he is not obliged to pay the compensation sum of S\$2,000,000 according to clause 2.2.5 (a) of the Deed of Undertaking. Based on a preliminary assessment by the Board, the Company maintains its position that Mr. Wang Zhi is liable to pay the compensation sum of S\$2,000,000 in accordance with the Deed of Undertaking. In this regard, the Company is consulting with lawyers on the next steps and will update Shareholders on further developments in due course.

3. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement together with the Previous Announcements and any further announcements that may be made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers 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
12 May 2022