

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

ANNOUNCEMENT PURSUANT TO RULE 703 OF THE LISTING MANUAL

UPDATE ON CIVIL COMPLAINT BY THE COMPANY'S SUBSIDIARY, WUHAN KAI DI WATER SERVICES CO., LTD., IN RESPECT OF CLAIMS FOR OVERDUE PAYMENTS FOR EQUIPMENT SUPPLY SERVICES PROVIDED TO CHINA CONSTRUCTION THIRD ENGINEERING BUREAU GROUP CO., LTD. (中建三局集团有限公司) UNDER THE YINCHUAN BINHE NEW AREA SEWAGE TREATMENT PLANT PHASE I PROJECT (银川滨河新区污水处理厂一期工程项目污水处理设备采购买卖合同)

1. UPDATE ON THE CHINA CONSTRUCTION EQUIPMENT CLAIM

- 1.1 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 the Company’s previous announcements on 27 September 2021 and 3 August 2021 (the “**Previous Announcements**”) in relation to, *inter alia*, the civil complaint (the “**Civil Complaint**”) lodged by the Company’s subsidiary, Wuhan Kaidi Water Services Co., Ltd. (“**WHKD**”) against China Construction in respect of claims by WHKD against China Construction for overdue accounts receivables for equipment supply services provided by WHKD to China Construction under the Yinchuan Binhe New Area Sewage Treatment Plant Phase I Project (银川滨河新区污水处理厂一期工程项目污水处理设备采购买卖合同) (the “**China Construction Equipment Claim**”).

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

- 1.2 The Company wishes to update shareholders that as disclosed in the Previous Announcement on 27 September 2021, WHKD had entered into an agreement whereby the parties had agreed, *inter alia*, that China Construction shall pay the amount of RMB3,320,593.05 (equivalent to approximately S\$669,054) to WHKD in the following timeline:

- RMB1,992,355.83 to be paid by 30 September 2021, and
- the remaining amount of RMB1,328,237.22 to be paid by 21 December 2021; and

As of the date of this announcement, all the amounts set out above have been paid to WHKD.

- 1.3 Further to the Previous Announcements on 27 September 2021 and 3 August 2021, the Company had in its audited financial statements for FY2020 made a partial impairment of RMB1,000,000 (equivalent to approximately S\$214,261) in respect of the sums due and owing to WHKD by China Construction under the China Construction Equipment Claim. As all the amounts have been collected, the impairment of RMB1,000,000 (equivalent to approximately S\$214,261) made in FY2020 will be reversed in the financial year of the Company ending 31 December 2021 (“**FY2021**”).

2. 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

14 December 2021