

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

**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 (the “**Previous Announcements**”) in relation to the issuance by the 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**”). Copies of the Previous Announcements have been appended to this announcement for the easy reference of the shareholders of the Company (“**Shareholders**”).

2. TERMINATION OF THE LETTER OF INTENT TO PURCHASE CON DAO GREEN ENERGY CO. LTD.

The Board wishes to update the Shareholders that Con Dao Green Energy has informed DWS that as a result of recent changes in energy policy for the Con Dao Island by the Central Government of Vietnam, and taking into account the fact that there has been delays by Con Dao Green Energy in the implementation of the Con Dao Project, the Central Government of Vietnam has informed Con Dao Green Energy that it has terminated the Con Dao Project.

In light of the above, Con Dao Green Energy has indicated to DWS that it is likely that DWS’s intended acquisition of the Con Dao Project under the LOI is no longer feasible.

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**”).

Given the recent developments, DWS and Con Dao Green Energy have on 12 August 2021 mutually agreed to terminate the LOI. Pursuant to the termination of the LOI, the Group will be seeking 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), in accordance with the terms of the letter of advancement dated 30 November 2018 issued by DWS to Con Dao Green Energy.

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

Poh Kok Hong
Executive Director and Chief Executive Officer

13 August 2021

ANNEX

Darco Signs Letter of Intent to Purchase a Solar Farm in Vietnam

- Upon successful expansion into the growing solar power industry in Vietnam, the Group will eventually move into other markets' solar power industry
- Solar power is one of the viable options in power generation due to lower cost
- Remains focused on becoming a comprehensive integrated environmental protection solutions provider

Singapore – 31 October 2018 –mainboard-listed Darco Water Technologies Limited (the "Company" or "Darco" or the "Group") is pleased to announce that it has issued a Letter of Intent to purchase Con Dao Green Energy Co. Ltd., the Build-Own-Operate ("BOO") developer of Con Dao Solar Power Park in Vietnam (the "Farm") which will have a capacity of 5 megawatt peak (MWp) upon completion.

The Farm shall be situated at Dat Doc beach area in Con Dao District, Vietnam with an uncultivated, topography flat land area of 84.53 m². The distance between the Farm to national power grid connection point with a capacity of 22kV is 600 m. The Farm is expected to have the capability to generate an electricity output of 6.8Wh per year and the solar power feed in tariff rate is to be finalized.

The investment cost of the Farm is about US\$7.2 million. The Letter of Intent allows the Group to carry out preliminary due diligence before signing the Sale and Purchase Agreement.

Vietnam is one of the countries that enjoys the most sunlight in the world. However, their solar power accounts for only 0.01% of the total energy output. Thus, Vietnam's government introduces favourable policies to promote the use of solar power and aims to increase its total output of solar power to 3.3% and 20% by 2030 and 2050 respectively¹. Solar

¹ Vietnam's solar power market, <http://www.vietnam-briefing.com/news/vietnams-solar-power-market.html/>

power is expected to become the main renewable energy source in Vietnam, presenting huge business opportunities in Vietnam's solar power industry².

Solar panels were expensive in the past, thus making it difficult to generate profits without government subsidies. However, the advancement in technology over the years has further reduced the cost of solar panel production, making it relatively affordable to the users. Due to its lower cost, solar power has become one of the viable options in power generation, relatively competitive to fossil fuels.

It is a choice business decision, but the biggest barrier of entry remains the ability to secure land, as Solar Farms require extensive land surface.

The business model in the solar power industry is very much similar to water concession and wastewater BOO/ BOT projects, as it involves mechanical and electrical installation, as well as operation and maintenance. Inadvertently, operating a solar power plant is much simpler, involving only one type of input – sunlight, whereas the input of water treatment plants may vary.

Mr. Thye Kim Meng, CEO of the Group, said, **“We see business opportunities in the solar power industry as the industry is growing largely driven by increase in environmental pollution and reduction in cost of solar power. Thus, we intend to venture into Vietnam’s solar power industry on a small scale and eventually have plans to extend it to other markets upon our successful expansion. Moving ahead, we remain focused on becoming a comprehensive integrated environmental protection solutions provider and further enhance the profitability of the Group.”**

- END -

² Vietnam strives to attract more investment in solar power, <https://en.vietnamplus.vn/vietnam-strives-to-attract-more-investment-in-solar-power/126514.vnp>

About Darco Water Technologies Limited

Established in 1999 and listed on SGX in 2002, Darco Water Technologies designs and delivers engineered solutions for water and wastewater systems for industrial and municipal customers. Its core management team has more than 19 years of experience in water treatment for a wide range of industries. Its markets include Mainland China and Southeast Asia.

For more information, please refer to www.darcowater.com

**Issued for and on behalf of Darco Water Technologies Limited
by Financial PR Pte Ltd**

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SOLUTIONS TO WATER & WASTE
DARCO WATER TECHNOLOGIES LIMITED
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CLARIFICATION ANNOUNCEMENT – PURCHASE OF A SOLAR FARM IN VIETNAM

The Board of Directors (“**Board**”) of Darco Water Technologies Limited (“**Company**”, and together with its subsidiaries, “**Group**”) refers to its announcement dated 31 October 2018 (“**Announcement**”) that, it has issued a Letter of Intent to purchase Con Dao Green Energy Co. Ltd., the Build-Own-Operate (“**BOO**”) developer of Con Dao Solar Power Park in Vietnam (“**Farm**”) which will have a capacity of 5 megawatt peak (MWp) upon completion.

In relation to the Farm area as stated in the Announcement, it shall be situated at Dat Doc beach area in Con Dao District, Vietnam with an uncultivated, topography flat land area of 84.53 m². The Company would like to clarify that the size of the topography flat land area situated at Dat Doc beach area is 84,535 m².

By Order of the Board

Thye Kim Meng
Managing Director and Chief Executive Officer
1 November 2018



SOLUTIONS TO WATER & WASTE
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UPDATE ON STRATEGIC DIRECTION AND SHAREHOLDERS FORUM

The board of directors (the “**Board**”) of Darco Water Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to take this opportunity to provide shareholders with an update on the Group’s strategic direction and future business plans, as well as its intention to host a shareholders forum currently planned for the last quarter of 2019.

Strategic Direction and Future Business Plans

The Group has traditionally focused its efforts on Environmental Systems and Water Management Services, and has over the years built up significant experience and expertise in these business segments. Going forward, the Group intends to continue leveraging on such experience and expertise to deliver advanced solutions for water and waste management systems, while pursuing municipal opportunities to generate recurring income from investments in water supply and waste projects.

The Group had also previously announced its intention to venture into the solar power industry on a small scale due to business opportunities in the solar power industry and similarities between the business model in the solar power industry and water concession and wastewater BOO / BOT projects. Under the leadership of the previous managing director and chief executive officer of the Company, Mr. Thye Kim Meng, the Company issued a letter of intent to purchase Con Dao Green Energy Co. Ltd., the Build-Own-Operate developer of Con Dao Solar Power Park in Vietnam, which would require a total investment cost of approximately US\$7.2 million (the “**Con Dao Project**”). Please refer to the Company’s previous announcements dated 31 October 2018 and 1 November 2018 for further details. Subsequently, the Company also entered into a non-binding memorandum of understanding with Mattan Engineering Sdn. Bhd. to venture into the renewable energy industry, in particular, to build and/ or own photovoltaic power plants (the “**Mattan Project**”). Please refer to the Company’s previous announcement dated 27 March 2019 for further details.

As the Group’s planned venture into the solar power industry was spearheaded by Mr. Thye Kim Meng who has since left the Group, the management has re-evaluated the overall business strategy and direction of the Group, as well as the opportunities and potential in the Environmental Systems and Water Management Services industry. Taking into consideration the current business climate, as well as the core competencies of the Group and its management in Environmental Systems and Water Management Services, the management, with the concurrence of the Board, has determined that while the Group remains open to considering business opportunities outside the Environmental Systems and Water Management Services industry in the future, it will for the time being focus its efforts solely on its traditional core business segments. In respect of the Con Dao Project, the Group has to date invested US\$600,000 for design works undertaken in respect of the project. The Group is currently actively looking for potential buyers to sell its interest in the Con Dao Project so as to recover its investment made to date. Shareholders will be updated

of material developments as and when appropriate. The Group has to date not made any payments in respect of the Mattan Project.

Shareholders Forum

The Board has noted the concerns raised by certain shareholders relating to the strategic direction and future plans of the Group. In order to address such concerns and facilitate shareholder communications, the management intends to host a shareholders forum currently planned for the fourth quarter of 2019. Further details on the shareholders forum will be provided to shareholders in due course.

BY ORDER OF THE BOARD

Poh Kok Hong
Executive Director and CEO
26 August 2019