



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

**FRAMEWORK AGREEMENT REGARDING THE PROPOSED ACQUISITION OF 90% INTEREST IN
CAN GIUOC WATER WORKS LIMITED**

– WITHDRAWAL FROM THE PROPOSED ACQUISITION

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 the framework agreement dated 14 December 2017 (the “**Framework Agreement**”) previously entered into by the Company with CA Trading Co., Ltd (the “**Seller**”) in relation to the proposed acquisition of 90% interest in Can Giuoc Water Works Limited (“**Canwaco**”) by Darco Viet Water Company Limited, a Vietnamese subsidiary of the Company which was incorporated after the entry into the Framework Agreement (the “**Proposed Acquisition**”).

2. BACKGROUND ON THE FRAMEWORK AGREEMENT

- 2.1 Pursuant to the terms and conditions of the Framework Agreement, the Company had previously remitted US\$1,000,000 to the Seller as part payment for the Proposed Acquisition (the “**Initial Payment**”). The Proposed Acquisition is subject to, among others, (a) the satisfactory completion of legal and financial due diligence and valuation on Canwaco (the “**Due Diligence**”); and (b) the entry by the relevant parties into a definitive sale and purchase agreement for the Proposed Acquisition.
- 2.2 The Framework Agreement further provides that in the event the Due Diligence uncovers negative, unfavourable or adverse financial and/or technical findings that render the Company unable to proceed with the Proposed Acquisition, the Initial Payment shall be fully refunded to the Company within 30 days after written notice is given to the Seller.

3. DECISION NOT TO PROCEED WITH THE PROPOSED ACQUISITION

- 3.1 The Board wishes to inform Shareholders that, based on the results of the Due Diligence undertaken by the Company, the management of the Company (“**Management**”) has determined that the project undertaken by Canwaco are not commercially viable, primarily due to a number of technical issues which remain unresolved despite the considerable length of time given to the Seller

to find solutions to address them. In light of the aforesaid, the Management has recommended that the Company withdraws from the Proposed Acquisition and the Board has accepted the said recommendation as well as directed the Company not to proceed with the Proposed Acquisition.

- 3.2 Accordingly, the Company has given formal written notice to the Seller to request for the full refund of the Initial Payment in accordance with the Framework Agreement.
- 3.3 The Company will update Shareholders as and when there are further developments.

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 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

Poh Kok Hong
Executive Director and Chief Executive Officer

7 August 2020