



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

PROFIT WARNING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**” or “**Directors**”) of Darco Water Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that following a preliminary review of the Group’s unaudited financial results for the financial year ended 31 December 2021 (“**FY2021**”), the Group is expected to report a loss for FY2021.

Based on the information currently available to the Company, the expected net loss for FY2021 is mainly attributable to the same reasons set out in the Company’s financial results announcement for the half year ended 30 June 2021, namely:

- (a) the poorer performances of the Group’s subsidiaries in China and Malaysia in FY2021 as compared to the previous financial year ended 31 December 2020 as follows:
 - (i) the Group’s operations in Malaysia had been negatively impacted to a greater extent than was previously expected by developments relating to the COVID-19. Due to the long drawn-out COVID-19 pandemic and fluctuating infection numbers in Malaysia, the Group’s subsidiaries in Malaysia had faced business pressures as the majority of tenders that were originally projected to be awarded for FY2021 had been postponed to a later date; and
 - (ii) the Group’s subsidiaries in China had faced mounting challenges in the face of stiff competition. This intense market competition had resulted in a challenging business environment in China whereby the Group’s subsidiary in China had to bid for projects at lower margins;
- (b) the slower implementation of the Group’s pneumatic conveyance systems in Singapore due to the COVID-19 measures imposed by the authorities, with construction costs being higher than usual due to the stringent labour regulations; and

The Company is still in the process of finalising the financial results of the Group for FY2021. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available. Further details of the Group’s performance for FY2021 will be disclosed when the Company announces its unaudited financial results for FY2021 no later than 1 March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the Company’s shares. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors 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

28 January 2022