



SOLUTIONS TO WATER & WASTE
DARCO WATER TECHNOLOGIES LIMITED

(Company Registration No. 200106732C)

(Incorporated in the Republic of Singapore)

SHAREHOLDER'S LOAN AGREEMENT WITH WANG ZHI

The board of directors (the "**Board**") of Darco Water Technologies Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's earlier announcement dated 11 November 2019 (the "**11 November Announcement**") where it was disclosed that Mr. Wang Zhi ("**Mr Wang**" or the "**Lender**"), a controlling shareholder and non-executive director of the Company, has agreed in-principle to provide or procure additional funding of up to S\$2 million¹ by way of a shareholder's loan to the Company (the "**Shareholder's Loan**"), and wishes to announce that on 21 November 2019, the Company and Mr. Wang have entered into a shareholder's loan agreement (the "**Loan Agreement**") which sets out the terms and conditions of the Shareholder's Loan. While the Shareholder's Loan constitutes an interested person transaction under Chapter 9 of the Listing Manual, the value of the transaction (i.e., the interest payable by the Company to the Lender on the Shareholder's Loan) is less than 3% of the Group's latest audited net tangible assets.

The salient terms of the Loan Agreement are set out below.

Total Facility Amount	An unsecured US\$ term loan facility of a total principal amount not exceeding US\$1,437,200, ² divided into two tranches of US\$1,000,000 ³ and US\$437,200 (respectively, " Tranche A " and " Tranche B "). As at the date of the Loan Agreement, Tranche A has been drawn down by the Company in full.
Availability Period	Nine months commencing from the date of the Loan Agreement.
Purpose	(a) Funding the costs and expenses incurred in relation to the acquisition of an effective interest of not less than 68% of PT Jabar Bersih Lestari through the acquisition of 85% interest in PT Panghegar Energy Indonesia from Emsus Co. Ltd. (the " Proposed Transaction "), including but not limited to cost and expenses incurred in connection with undertaking due diligence and viability studies, and negotiating

¹In the 11 November Announcement, the total principal amount of the Shareholder's Loan was disclosed as S\$2 million which was converted from US\$1,437,200 based on an exchange rate of US\$1 : S\$1.392.

² See Note 1.

³ In the 11 November Announcement, it was disclosed that the Lender has made an advancement of S\$1 million to the Company pending the finalisation of the terms of the Shareholder's Loan. The Company would like to clarify that the amount should be **US\$1** million instead.

	<p>and preparing the transaction documents, in connection with the Proposed Transaction; and/or</p> <p>(b) for such other purpose as may be approved by the Lender in writing, such approval not to be withheld unreasonably.</p>
Interest	5% per annum. For the avoidance of doubt, no interest shall be payable on any unutilised amounts from Tranche A notwithstanding that Tranche A has been disbursed to the Company in full.
Default Interest	8% per annum.
Events of Default	<p>Including but not limited to failure by the Company to pay any sum due under the Loan Agreement when due or within the applicable grace period, or failure by the Company to comply with any material provision of the Loan Agreement (other than failure to pay sums due) and such default is not remedied within 14 business days.</p> <p>On and at any time after the occurrence of an event of default which is continuing, the Lender may by notice to the Company:</p> <p>(a) cancel all outstanding obligations of the Lender under the Loan Agreement whereupon they shall immediately be cancelled;</p> <p>(b) declare that the loans (and all accrued interest and all other amounts accrued or outstanding under the Loan Agreement) are immediately due and payable, whereupon they shall become immediately due and payable; and/or</p> <p>(c) declare that the loans be payable on demand, whereupon it shall immediately become payable on demand by the Lender.</p>

Save as disclosed in the first paragraph of this announcement, and save for their respective interests in the shares of the Company, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the Shareholder's Loan.

BY ORDER OF THE BOARD

Poh Kok Hong
 Executive Director and CEO
 21 November 2019