

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

FURTHER UPDATE ON THE DEED OF SETTLEMENT AND TRANSFER IN RELATION TO THE EXERCISE OF THE REVERSAL OPTION – DEFAULT JUDGMENT OBTAINED

- RE: ACQUISITION OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF PT PANGHEGAR ENERGY INDONESIA)

1. INTRODUCTION

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:

- (a) the Company’s announcement on the proposed acquisition of 75% of the total issued and paid-up share capital of PT Panghegar Energy Indonesia (“**PEI**”) (the “**Acquisition**”) released on the SGXNET on 4 November 2019;
- (b) the Company’s announcement on the constitution of PEI as a 75% subsidiary of the Company released on the SGXNET on 28 February 2020;
- (c) the Company’s announcement on 29 May 2020 regarding the update on the Acquisition;
- (d) the Company’s announcement on 8 June 2020 regarding the update on the Acquisition;
- (e) the Company’s announcement on 25 June 2020 regarding the update on the Acquisition;
- (f) the Company’s announcement on 24 July 2020 regarding the update on the Acquisition;
- (g) the Company’s announcement on 27 July 2020 regarding the update on the Acquisition, including on the exercise of the Reversal Option by the Company;
- (h) the Company’s announcement on 14 August 2020 for its unaudited financial statements for the half year ended 30 June 2020 which includes, *inter alia*, the update on the Acquisition;
- (i) the Company’s announcement on 26 November 2020 regarding the update on the Acquisition, including the entry by the Company into a deed of settlement and transfer (the “**Deed of Settlement**”) with Emsus Co. Ltd. and Dr Do Yun Yu;
- (j) the Company’s announcement on 22 December 2020 regarding the update on the exercise of the Reversal Option, including the deferment of the Completion Date;

- (k) the Company's announcement on 29 January 2021 regarding the partial payment of US\$300,000.00 towards the First Settlement Payment and further deferment of the Completion Date and payment of the outstanding US\$200,000.00 of the First Settlement Payment;
- (l) the Company's announcement on 4 August 2021 regarding the further deferment of the Completion Date and payment of the outstanding US\$200,000.00 of the First Settlement Payment;
- (m) the Company's announcement on 8 October 2021 regarding the issuance of a Letter of Demand demanding that Dr Do Yun Yu repay the total sum of US\$914,363.29 to the Company within seven (7) days of the date of the Letter of Demand;
- (n) the Company's announcement on 22 November 2021 (the "**22 November 2021 Announcement**") regarding the issuance of a Second Letter of Demand demanding that Dr Do Yun Yu repay the total sum of US\$817,136.24 to the Company within seven (7) days of the date of the Second Letter of Demand; and
- (o) the Company's announcement on 6 December 2021 (the "**6 December 2021 Announcement**") regarding the issuance of a writ of summons and statement of claim (the "**Writ**") against (i) Emsus Co. Ltd; and (ii) Dr Do Yun Yu in respect of all outstanding amounts due under the Deed of Settlement.

(collectively, the "**Previous Announcements**").

Unless otherwise defined herein, capitalised terms shall have the meaning ascribed to them in the Previous Announcements.

2. UPDATE ON THE DEED OF SETTLEMENT AND THE EXERCISE OF THE REVERSAL OPTION – DEFAULT JUDGMENT OBTAINED

Further to the 6 December 2021 Announcement, the Company wishes to update shareholders that as Emsus Co. Ltd and Dr Do Yun Yu have failed to enter into an appearance in respect of the Writ served on them, the Company has obtained a default judgment (the "**Default Judgment**") in Singapore against Emsus Co. Ltd and Dr Do Yun Yu for the outstanding sum of:

- (a) US\$813,000 due and owing to the Company (which represents the full Settlement Amount of US\$1,313,000 less the part payments made by Emsus and/or Dr Do Yun Yu of US\$500,000 in total);
- (b) contractual interest of 2.5% per annum accrued under the Deed of Settlement (including on (a) above until the date of the Writ) calculated at US\$4,915.83;

- (c) non-contractual interest of 5.33% per annum on (a) and (b) above from the date of the Writ until the date of the Default Judgment; and
- (d) costs of S\$2,500.

The Company is evaluating the considerations relating to the enforcement of the Default Judgment against any assets of Emsus Co. Ltd and Dr. Do Yun Yu and will make the necessary announcements to update shareholders as and when there are any further material developments in relation to the above matter.

3. IMPACT ON THE FINANCIAL POSITION OF THE COMPANY

As disclosed in the 22 November 2021 Announcement and the 6 December 2021 Announcement, the maximum further impairment amount that may be required to be made in the financial statements of the Company for the financial year ended 31 December 2021 (“FY2021”) will be approximately US\$652,958 (equivalent to S\$885,986) (the “**Emsus Further Impairment**”). The Emsus Further Impairment will have a material impact on the financial performance of the Company for FY2021. Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2020 (“FY2020”), the Emsus Further Impairment will amount to approximately 49% of the Group’s profit before tax for FY2020.

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 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

22 February 2022