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

- ENTRY INTO DEED OF SETTLEMENT

1. INTRODUCTION

- 1.1 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 the Company’s announcement on the Company’s withdrawal from 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 (the “**Proposed Acquisition**”) released on the SGXNET on 7 August 2019 (the “**Previous Announcement**”).
- 1.2 The Board wishes to update shareholders of the Company (“**Shareholders**”) that the Company has on 25 November 2020 entered into a deed of settlement with CA Trading Co., Ltd (the “**Seller**” or “**CA Trading**”) and Mr Dinh Minh Dao (“**Mr Dao**”) in relation to the full refund of the US\$1,000,000 previously remitted by the Company to the Seller as part payment for the Proposed Acquisition (the “**Repayment Amount**”) (the “**Deed of Settlement**”), and pursuant to which, *inter alia*, the relevant parties have agreed terms for the full and final settlement of any dispute relating to the Framework Agreement.

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

2. SALIENT TERMS OF THE DEED OF SETTLEMENT

Terms of Settlement

- 3.1 CA Trading shall (and irrevocably undertakes to) pay to the Company, and Mr Dao irrevocable undertakes that he shall, as a primary obligation, procure and ensure that CA Trading pays to the Company, the Repayment Amount divided into instalments payable by way of:
- (a) one (1) prepaid instalment of US\$15,000 which has been made by CA Trading and received by the Company;
 - (b) forty-seven (47) monthly instalments of US\$15,000 each; and
 - (c) one (1) further and final instalment of US\$280,000 to be paid together with the 47th monthly instalment under the preceding sub-paragraph (b),
- (each, an “**Instalment**”).

3.2 The first monthly Instalment pursuant to paragraph 3.1(b) above shall be paid on 1 January 2021 (or, if such day is not a Business Day, the next immediate Business Day) and thereafter, on the first day of each subsequent month (each such payment date, an “**Instalment Date**”), together with any interest accrued thereon, provided always that if CA Trading shall fail to pay any one or more Instalments on or before the respective Instalment Date:

- (a) the Company shall have the right (but not the obligation and without reference to CA Trading) to demand for the immediate refund and repayment of the Repayment Amount or such part thereof, together with any interest accrued thereon, which then remains unpaid and immediately call on or enforce the Mr Dao undertaking as set out in paragraph 3.4 below in connection thereto without having to take any formal legal proceedings against CA Trading; and
- (b) without prejudice to the generality of sub-paragraph (a) above and subject to applicable laws and regulations:
 - (i) the Company shall be entitled (without further or prior reference to Mr Dao) to deduct from any payments of salary due and payable to Mr Dao an amount equivalent to the outstanding amount of an Instalment, together with any interest accrued thereon, not paid by the relevant Instalment Date (or such lesser amount where the amount of salary due and payable is less than the outstanding amount), and Mr Dao irrevocably consents to the foregoing; and
 - (ii) CA Trading and Mr Dao each undertake that they shall not (and shall not agree to) at any time during which the Repayment Amount (or any part thereof, including any interest accrued thereon) remains outstanding pursuant to the Deed of Settlement: (aa) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of the assets of CA Trading as set out in the Deed of Settlement (the “**Assets**”); or (bb) create or permit to subsist over the Assets any mortgage, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect, in each case except as permitted in writing by the Company. For the avoidance of doubt and to the extent that the Company shall, in its absolute and sole discretion, agree to or permit the sale of any of the Assets on and subject to terms and conditions acceptable to the Company, any and all sale proceeds arising from such sale shall first be applied to the reduction and settlement of the Repayment Amount and any balance of the Repayment Amount which remains outstanding shall be settled in such number of instalments as shall be mutually agreed by the relevant parties.

Default Interest

3.3 Interest shall accrue and be payable by CA Trading on any part of the outstanding amount that is not paid in accordance with the Deed of Settlement at the rate of 2% per annum provided that, if and only if the Repayment Amount has been duly and promptly settled in accordance with the Deed of Settlement, such interest shall be waived in full.

Assurance of Payment

- 3.4 In consideration of the Company agreeing or having, at Mr Dao's request, to enter or entered into the Deed of Settlement, Mr Dao irrevocable and unconditionally agrees and undertakes with and for the benefit of the Company, as a separate and independent primary obligation and as a personal guarantee, to personally procure and ensure the payment of the Repayment Amount in full (whether by CA Trading or otherwise) and in accordance with the terms and conditions of the Deed of Settlement.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company and their respective associates has any interests, direct or indirect, in the transactions contemplated by the Deed of Settlement, other than through their respective shareholding interests in the Company, if any.

4. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Deed of Settlement and the transactions contemplated therein, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

5. 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

Poh Kok Hong
Executive Director and Chief Executive Officer

25 November 2020