

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

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**UPDATE ON THE ACQUISITION OF THE TOTAL ISSUED AND PAID-UP  
SHARE CAPITAL OF PT PANGHEGAR ENERGY INDONESIA**

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**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 (the “**Previous Announcement**”); and
- (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.

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

**2. UPDATE ON THE ACQUISITION**

As disclosed in the Previous Announcement, as a Condition Subsequent to the CSPA, the Acquisition shall be subject to the completion of the Company’s business, environmental, financial, tax and legal due diligence (in the Company’s sole discretion) on PEI and PT Jabar Bersih Lestari (“**JBL**”) (an 80% owned subsidiary of PEI) (the “**Due Diligence**”). The Company would like to update shareholders of the Company (“**Shareholders**”) on the results of the Due Diligence.

For the purposes of the Due Diligence, the Company has engaged an independent third party consultancy firm (the “**Consultant**”) to perform a technical and economics due diligence on matters relating to the cooperation agreement (the “**Cooperation Agreement**”) entered into by JBL with the West Java Province Regional Government of Indonesia to provide waste management services in Bogor City, Bogor Regency and Depok City in Indonesia (the “**Project**”).

The Consultant has recently completed its due diligence and submitted its due diligence report to the Company on its findings, and has recommended that, *inter alia*, certain terms of the Cooperation Agreement should be renegotiated with the West Java Province Regional Government of Indonesia in order to render the Project viable. In accordance with such recommendations, the Company has initiated preliminary discussions with the relevant parties



involved with a view towards reaching an agreement on the required amendments to the Cooperation Agreement so as to improve on the viability of the Project.

Shareholders and potential investors are advised to refer to the Previous Announcement for more information on the terms and conditions of the Acquisition. In particular, the Board would like to highlight that notwithstanding the completion of the transfer of the Sale Shares to the Company and the payments that have been made to date, under the Reversal Option (as defined and described in the Previous Announcement), the Company has the option to reverse and unwind the sale and purchase of the Sale Shares if the Conditions Subsequent are not satisfied by their stipulated deadlines.

### **3. FURTHER ANNOUNCEMENTS**

The Company will make further announcements as and when there are material developments in relation to the above matter. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and, when in doubt, are advised to consult with their own legal advisors, financial advisors, stockbrokers, bank managers and/or other professional advisors.

#### **BY ORDER OF THE BOARD**

Poh Kok Hong  
Executive Director and Chief Executive Officer

29 May 2020