

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

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**FURTHER 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 “**4 November Announcement**”);
- (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 (the “**Update Announcement**”);
- (d) the Company’s announcement on 8 June 2020 regarding the update on the Acquisition (the “**Second Update Announcement**”);
- (e) the Company’s announcement on 25 June 2020 regarding the update on the Acquisition (the “**Third Update Announcement**”); and
- (f) the Company’s announcement on 24 July 2020 regarding the update on the Acquisition (the “**Fourth Update Announcement**”).

*Unless otherwise defined herein, capitalised terms shall have the meaning ascribed to them in the 4 November Announcement, the Update Announcement, the Second Update Announcement, the Third Update Announcement and the Fourth Update Announcement.*

**2. UPDATE ON THE ACQUISITION**

As disclosed in the Second Update Announcement, JBL had previously made formal submission to the West Java Government which, among others, explained the findings of the Consultant and requested for the re-negotiation of, and modifications to, the relevant terms of the Cooperation Agreement as recommended by the Consultant (the “**Submission**”).

As disclosed in the Third Update Announcement, in response to the Submission, JBL had received a letter from the West Java Government which indicated that the West Java Government were not agreeable to a re-negotiation of the terms of the Cooperation Agreement and that JBL should take steps towards commencing operation of the Project. The Board had then directed the Management to work closely with JBL to continue with its efforts to engage with the West Java Government to work towards making the Project viable.

As disclosed in the Fourth Update Announcement, the Company had received a letter from EMSUS Co. Ltd (the “**Seller**”) informing the Company that, despite further discussions between the Seller and JBL with the West Java Government, the West Java Government had reiterated its earlier position and were not agreeable to a re-negotiation of the terms of the Cooperation Agreement.

### **3. EXERCISE OF THE REVERSAL OPTION**

As previously announced:

- (a) Pursuant to the CSPA, the Seller had granted to the Company an option to reverse and unwind the sale and purchase of the Sale Shares (the “**Reversal Option**”) pursuant to which the Seller shall, upon exercise of the Reversal Option by the Company, purchase from the Company or its nominee, as the case may be, all of the Sale Shares on the terms and subject to the conditions of the CSPA. The Reversal Option may be exercised if the Conditions Subsequent are not satisfied by their stipulated deadlines.
- (b) The Conditions Subsequent include, *inter alia*:
  - (i) the satisfaction of the Company’s business, environmental, financial, tax and legal due diligence (in the Company’s sole discretion) on the Target and JBL, the results of which are satisfactory to the Company in its sole discretion; and
  - (ii) the Seller making the necessary amendments to the Cooperation Agreement to the reasonable satisfaction of the Company.
- (c) The consideration for the re-purchase of the Sale Shares pursuant to the exercise of the Reversal Option shall be payable in the following manner:
  - (i) the Seller shall pay, or shall produce that payment is made, to the Company an amount equal to the Advance Payment (such amount being US\$300,000) and the First Payment (such amount being US\$400,000); and
  - (ii) the Target shall pay, and the Seller shall procure that payment is made, to the Company an amount equal to the Second Payment (such amount being US\$600,000).

In light of the Seller's letter informing the Company that the West Java Government is not agreeable to re-negotiating the terms of the Cooperation Agreement, the Board has deliberated on the next steps to be taken in relation to the matter and has directed the Management to proceed with the exercise of the Reversal Option as well as take such steps that are reasonably necessary to recover the investment made and costs incurred in connection with the CSPA to the extent recoverable. Accordingly, the Company will proceed to issue, as soon as practicable, a notice to the Seller to exercise the Reversal Option in accordance with the terms and conditions of the CSPA. Under the terms of the CSPA, completion of the re-purchase of the Sale Shares by the Seller is expected to take place on the date falling 14 days from the date of the service of the notice on the Seller.

#### **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**

Poh Kok Hong  
Executive Director and Chief Executive Officer

27 July 2020