

Darco Signs Letter of Intent to Purchase a Solar Farm in Vietnam

- Upon successful expansion into the growing solar power industry in Vietnam, the Group will eventually move into other markets' solar power industry
- Solar power is one of the viable options in power generation due to lower cost
- Remains focused on becoming a comprehensive integrated environmental protection solutions provider

Singapore – 31 October 2018 –mainboard-listed Darco Water Technologies Limited (the "Company" or "Darco" or the "Group") is pleased to announce that it has issued a Letter of Intent to purchase Con Dao Green Energy Co. Ltd., the Build-Own-Operate ("BOO") developer of Con Dao Solar Power Park in Vietnam (the "Farm") which will have a capacity of 5 megawatt peak (MWp) upon completion.

The Farm shall be situated at Dat Doc beach area in Con Dao District, Vietnam with an uncultivated, topography flat land area of 84.53 m². The distance between the Farm to national power grid connection point with a capacity of 22kV is 600 m. The Farm is expected to have the capability to generate an electricity output of 6.8Wh per year and the solar power feed in tariff rate is to be finalized.

The investment cost of the Farm is about U\$7.2 million. The Letter of Intent allows the Group to carry out preliminary due diligence before signing the Sale and Purchase Agreement.

Vietnam is one of the countries that enjoys the most sunlight in the world. However, their solar power accounts for only 0.01% of the total energy output. Thus, Vietnam's government introduces favourable policies to promote the use of solar power and aims to increase its total output of solar power to 3.3% and 20% by 2030 and 2050 respectively¹. Solar

¹ Vietnam's solar power market, <http://www.vietnam-briefing.com/news/vietnams-solar-power-market.html/>

power is expected to become the main renewable energy source in Vietnam, presenting huge business opportunities in Vietnam's solar power industry².

Solar panels were expensive in the past, thus making it difficult to generate profits without government subsidies. However, the advancement in technology over the years has further reduced the cost of solar panel production, making it relatively affordable to the users. Due to its lower cost, solar power has become one of the viable options in power generation, relatively competitive to fossil fuels.

It is a choice business decision, but the biggest barrier of entry remains the ability to secure land, as Solar Farms require extensive land surface.

The business model in the solar power industry is very much similar to water concession and wastewater BOO/ BOT projects, as it involves mechanical and electrical installation, as well as operation and maintenance. Inadvertently, operating a solar power plant is much simpler, involving only one type of input – sunlight, whereas the input of water treatment plants may vary.

Mr. Thye Kim Meng, CEO of the Group, said, **“We see business opportunities in the solar power industry as the industry is growing largely driven by increase in environmental pollution and reduction in cost of solar power. Thus, we intend to venture into Vietnam's solar power industry on a small scale and eventually have plans to extend it to other markets upon our successful expansion. Moving ahead, we remain focused on becoming a comprehensive integrated environmental protection solutions provider and further enhance the profitability of the Group.”**

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² Vietnam strives to attract more investment in solar power, <https://en.vietnamplus.vn/vietnam-strives-to-attract-more-investment-in-solar-power/126514.vnp>

About Darco Water Technologies Limited

Established in 1999 and listed on SGX in 2002, Darco Water Technologies designs and delivers engineered solutions for water and wastewater systems for industrial and municipal customers. Its core management team has more than 19 years of experience in water treatment for a wide range of industries. Its markets include Mainland China and Southeast Asia.

For more information, please refer to www.darcowater.com

**Issued for and on behalf of Darco Water Technologies Limited
by Financial PR Pte Ltd**

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