



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

**UPDATE ANNOUNCEMENT ON THE GAOYI PROJECT
– ISSUANCE OF NOTICE OF REJECTION**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Darco Water Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its previous announcements made on 23 October 2017, 5 November 2018, 9 September 2019 and 17 September 2019, 16 August 2021 and 1 September 2021 in relation to the Gaoyi Project, the notice of compliance (the “**Notice**”) issued by the Singapore Exchange Regulation (the “**SGX RegCo**”) on 10 September 2021 and the Company’s announcement on its responses to the Notice released on 17 September 2021 (collectively, the “**Previous Announcements**”).

Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Notice and the Previous Announcements.

2. DECISION NOT TO PROCEED WITH THE PROPOSED ACQUISITION OF THE GAOYI PROJECT

2.1 The Board would like to inform Shareholders that the Company has on 23 September 2021 issued the Notice of Rejection to Mr. Wang Zhi in respect of the Gaoyi Project. Accordingly, the Company will not be proceeding with the proposed acquisition of the Gaoyi Project.

2.2 The Notice of Rejection in respect of the Gaoyi Project was issued by the Company, after due deliberation by the Board and after its assessment that the Gaoyi Project is not suitable as an asset for the purposes of the Asset Injection. In coming to this conclusion, the Board has taken into account, among others, the inability to obtain certain critical information, documents and datapoints which the Company requires to properly assess the suitability of the Gaoyi Project as an asset for the Asset Injection as well as the uncertainty in terms of the tariffs and capacity requirements that the local government would impose in the future.

2.3 Accordingly and as previously disclosed in paragraph 3.3 of the Company’s announcement dated 9 September 2019 (the “**9 September Announcement**”) in relation to the Supplemental Agreement to the Placement Agreement and the Supplemental Deed to the Deed of Undertaking:

(a) Mr Wang shall, as soon as practicable, offer to the Company an alternative water treatment asset which satisfies the conditions listed in paragraph 3.4 of the 9 September Announcement;



- (b) the Company and Mr Wang shall immediately terminate the LOI; and
- (c) Mr Wang shall immediately return the deposit of Renminbi 6,000,000 previously placed by the Company with him.

2.4 The Company will make further announcements to update Shareholders as and when there are any further developments.

3. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers 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

23 September 2021