

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

ANNOUNCEMENT PURSUANT TO RULE 703 OF THE LISTING MANUAL

UPDATE ON ISSUANCE OF LETTER OF DEMAND BY THE COMPANY'S SUBSIDIARY, WUHAN KAI DI WATER SERVICES CO., LTD., IN RESPECT OF CLAIMS FOR OVERDUE PAYMENTS FOR EQUIPMENT SUPPLY SERVICES PROVIDED TO WUHAN HUANGPI KAI DI WATER CO., LTD. (武汉黄陂凯迪水务有限公司) UNDER THE EQUIPMENT SUPPLY CONTRACT FOR THE HUANGPI XINWU LAKE WATER PLANT EQUIPMENT PROJECT (黄陂新武湖水厂设备成套项目设备成套供货合同)

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 the Company’s previous announcements on 29 September 2021 (the “**Previous Announcement**”) in relation to the letter of demand (the “**WHHP Letter of Demand**”) issued by the Company’s subsidiary, Wuhan Kaidi Water Services Co., Ltd. (“**WHKD**”) against Wuhan Huangpi Kaidi Water Co., Ltd. (武汉黄陂凯迪水务有限公司) (“**WHHP**”) in respect of claims by WHKD against WHHP for unpaid amount owing to WHKD for equipment supply services provided by WHKD to WHHP under the equipment supply contract for the Huangpi Xinwu Lake Water Plant Equipment Project (黄陂新武湖水厂设备成套项目设备成套供货合同) (the “**Huangpi Project**”).

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

2. UPDATE ON THE LETTER OF DEMAND

- 2.1 As disclosed in the Previous Announcement on 29 September 2021, WHKD had demanded in the WHHP Letter of Demand that WHHP repays the unpaid amount owing to WHKD of RMB7,596,430 (equivalent to approximately S\$1,595,770) to WHKD. WHHP had responded to the Letter of Demand indicating that they were disputing the amount owing to WHKD. Thus, WHKD had commenced arbitration proceedings against WHHP.
- 2.2 The Wuhan Arbitration Commission (“**WAC**”) accepted the arbitration application on 22 November 2021 and the hearing was held on 18 May 2022.
- 2.3 The Company wishes to update shareholders that WHKD had received an arbitration result on 30 August 2022 notifying that the WAC rejected all the claims made by WHKD. WHKD shall bear the arbitration fee amounting to RMB139,948. The Company is considering its options and will consult with lawyers. The Company will make further announcements when there is any material development on this matter.

3. PROVISION FOR UNRECOVERED ACCOUNTS RECEIVABLES AND IMPACT ON THE FINANCIAL POSITION OF THE COMPANY

- 3.1 The Company has fully impaired the amount owing to WHKD from WHHP. As such, there will not have a material impact on the financial performance of the Company for FY2022.

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

Kong Chee Keong
Executive Director and Chief Executive Officer

1 September 2022