



BETTER SOLUTIONS TO WATER & WASTE

Darco Water Technologies Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200106732C)

UPDATES ON LEGAL PROCEEDINGS INVOLVING THE COMPANY'S SUBSIDIARIES

The board of directors (the “**Board**”) of Darco Water Technologies Limited (the “**Company**” together with its subsidiaries, the “**Group**”) refers to the following announcements made previously by the Company (the “**Previous Announcements**”):

- (a) The announcements released by the Company on 29 September 2021 and 1 September 2022 in relation to, *inter alia*, the issuance of a letter of demand from Wuhan Kaidi Water Services Co., Ltd. (“**WHKD**”), a direct 72% owned subsidiary of the Company; and
- (b) The announcement released by the Company on 22 March 2025 in relation to, *inter alia*, the receipt of a Writ and a Statement of Claim by Darco Industrial Water Sdn. Bhd. (“**DIW**”), an indirect wholly-owned subsidiary of the Company, from Flexsa Engineering Sdn. Bhd. (the “**Sub-Contractor**”),

(collectively, the “**Legal Proceedings**”).

Please refer to the Previous Announcements for further details on the Legal Proceedings.

Further to the Previous Announcements, the Board wishes to provide the following updates to the Legal Proceedings:

WHKD Letter of Demand

Subsequent to the Previous Announcements, WHKD had filed an appeal with the Wuhan Intermediate People’s Court of Hubei Province in relation to the arbitration result on 30 August 2022 notifying that the Wuhan Arbitration Commission rejected all the claims made by WHKD against Wuhan Huangpi Kaidi Water Co., Ltd. (武汉黄陂凯迪水务有限公司) (“**WHHP**”).

The Board wishes to inform that on 30 July 2025, the Intermediate People’s Court of Hubei Province has ruled in favour of WHKD and awarded WHKD an aggregate of RMB 11,060,249.91 (equivalent to approximately SGD 1,978,000), comprising the contract amount, legal fees recoverable and penalty charges and late payment interest.

As at the date of this announcement, WHKD has received the award of RMB 11,060,249.91 from WHHP and no sums remain outstanding.

As disclosed in the Previous Announcements, the Company had previously fully impaired the amount owing to WHKD from WHHP. As such, there will be a material impact on the financial performance of the Company for the financial year ending 31 December 2025. Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2024 (“**FY2024**”), the amount recovered, excluding value-added tax (VAT) would represent approximately 238% of the Group’s profit before tax for FY2024.

DIW Writ and Statement of Claim

Subsequent to the Previous Announcements, DIW has filed a counterclaim against the Sub-Contractor for RM 2,649,350 (equivalent to approximately SGD 805,000).

The Board also wishes to inform that the Penang High Court has on 12 August 2025 dismissed the Sub-Contractor's application for summary judgment for the claim against DIW. The Sub-Contractor's claim against DIW, and DIW's counterclaim against the Sub-Contractor, will now proceed to trial.

The Company will release further announcements to update its shareholders as and when there are material developments in relation to the aforesaid legal proceedings involving DIW, including its impact on the Group's financials (if any).

By Order of the Board of
Darco Water Technologies Limited

Zhang Zhenpeng
Executive Director and Chief Executive Officer
13 August 2025