



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

**ISSUANCE OF LETTER OF DEMAND AGAINST
FORMER DIRECTOR AND EXECUTIVE OFFICER**

1. BACKGROUND

- 1.1 The board of directors (the “**Board**”) of Darco Water Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement providing an update on certain transactions, including the proposed acquisition of a solar power farm in Con Dao, Vietnam (the “**Solar Project**”) and the proposed acquisition of a 90% interest in Can Guioc Water Works Limited (the “**Water Project**”), entered into by the Group under the direction of Mr Thye Kim Meng (“**Mr Thye**”), released on the SGXNet on 16 April 2020 (the “**16 April 2020 Announcement**”).
- 1.2 Mr Thye was a director of the Company from 13 October 2001 to 31 May 2019 and held various key appointments within the Group during his tenure, including the Company’s Managing Director (from 11 March 2002 to 31 May 2019) and Chief Executive Officer (from 28 June 2002 to 31 May 2019). Please refer to the Company’s announcements on 31 October 2018, 1 November 2018 and 26 August 2019 for further details on the Solar Project and the 7 August 2020 Announcement (as defined hereinafter) for further details on the Water Project.
- 1.3 As indicated in the 16 April 2020 Announcement, in respect of the Solar Project and the Water Project, the management had been in discussions (and would continue to do so) with the counterparties to these transactions with a view of determining the feasibility of continuing with the projects as well as recovering the payments that had previously been made in advance should a decision be made to exit from any of these projects. It was also indicated that the Company did not rule out making claims and taking formal legal actions against any person whose action or omission has resulted in damage or loss suffered by the Group in connection with these transactions.
- 1.4 The Board further refers to the Company’s announcement relating to the Company’s decision to withdraw from the Water Project, released on the SGXNet on 7 August 2020 (the “**7 August 2020 Announcement**”).
- 1.5 As indicated in the 7 August 2020 Announcement, the Company had determined that the Water Project was not commercially viable on the basis of the due diligence carried out by the Company. The Company had accordingly given formal written notice to request for the full refund of the part payment previously remitted pursuant to the framework agreement dated 14 December 2017 with CA Trading Co., Ltd.

2. ISSUANCE OF LETTER OF DEMAND AGAINST MR THYE

- 2.1 The Board wishes to announce that the Company has, through its solicitors Solitaire LLP, issued a letter of demand dated 12 August 2020 against Mr Thye (the “**Letter of Demand**”).
- 2.2 It is alleged in the Letter of Demand that Mr Thye committed various breaches of his duties to the Company in relation to the Water Project and the Solar Project and caused losses and damages to the Company. The Company demands that Mr Thye provide written confirmation, no later than 12 August 2020, that he shall pay to the Company the losses and damages that it has suffered because of his breaches of duties in respect of the Solar Project and the Water Project, presently quantified at US\$ 1.6 million, less any sums that the Company may recover.
- 2.3 The Company has given its solicitors Solitaire LLP instructions to take all necessary steps to protect its interest, including the commencement of legal proceedings against Mr Thye, should he fail to comply with the Letter of Demand.
- 2.4 The Company will make further announcements as appropriate to update shareholders accordingly.

3. 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

12 August 2020