

Darco Water Technologies Limited

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

Minutes of Extraordinary General Meeting

Date : Tuesday, 10 October 2023

Time : 10.00 a.m.

Place : 1 HarbourFront Avenue, #13-03 Keppel Bay Tower, Singapore 098632

Present : As per Attendance List maintained by the Company

Chairman : Mr Wang Zhi

CHAIRMAN OF THE MEETING

Mr Wang Zhi, the Executive Chairman and Executive Director of the Company (the "Chairman"), welcomed the shareholders of the Company ("Shareholder(s)") to the Extraordinary General Meeting of the Company ("EGM" or "Meeting").

The Chairman introduced the Board of Directors to the Shareholders.

QUORUM

The Chairman stated that the representatives of the Company Secretary have advised that a quorum was present and commenced with the business of the EGM.

NOTICE

The Chairman noted that the Notice of EGM had been circulated to the Shareholders and suggested that the Notice of EGM be taken as read.

VOTING

The Chairman stated that in accordance with Regulation 80 of the Company's Constitution, the proposed resolution put to vote at the EGM was to be decided on a poll.

The Chairman stated that Boardroom Corporate & Advisory Services Pte. Ltd. has been appointed as the Company's Polling Agent and Reliance 3P Advisory Pte. Ltd. has been appointed as the Company's Scrutineers.

The Chairman noted that the voting instructions in relation to voting by proxy have been circulated together with the Proxy Form to Shareholders prior to the Meeting. The Chairman stated that the Proxy Forms lodged have been checked by the Company's Scrutineers and are found to be in order.

COMMENTS, QUERIES AND QUESTIONS FROM SHAREHOLDERS

The Chairman stated that Shareholders have been given the opportunity to submit comments, queries and questions by 10.00 a.m. on Tuesday, 3 October 2023. The Company has not received any comments, queries and/or questions from Shareholders in relation to the proposed resolution before the stated deadline.

The Chairman stated that Shareholders will have the opportunity to ask questions during the course of the EGM.

During the course of the EGM, Shareholders raised various questions which were addressed by the Board of Directors. The Company has consolidated its responses to the questions received below:

Questions raised by Shareholders
<p>Q1: <i>Why did the controlling shareholder remove the external auditors at the previous annual general meeting of the Company?</i></p> <p>Company's Response: Crowe Horwath First Trust LLP ("Crowe") has been the Company's auditors since 2014.</p> <p>The reason why Crowe was not re-appointed at the annual general meeting of the Company ("AGM") is stated in paragraph 2.1.1 of the circular to Shareholders dated 25 September 2023 (the "Circular"). The controlling shareholder wanted to trigger a re-tender exercise for the appointment of auditors as he wanted to see what other options the Company had in terms of external auditors. This was the only reason why the controlling shareholder voted against Crowe's re-appointment.</p> <p>There is actually no disagreement between the Company and Crowe. In fact, immediately after the AGM, the Board of Directors convened and invited five audit firms of similar size to Crowe to submit their proposals. Crowe was one of the five audit firms.</p> <p>Out of the five audit firms, the Company only received three proposals, which includes Crowe's proposal. After evaluating the proposals, the Company decided to recommend Crowe's appointment as the Company's auditors.</p>
<p>Q2: <i>What is the difference between Crowe's proposals?</i></p> <p>Company's Response: There is only a slight difference in Crowe's proposals as stated in paragraph 2.1.6. of the Circular, which is the S\$10,000 difference in audit fees as compared to the audit fees paid to Crowe for the previous audit.</p> <p>To clarify, the lower audit fees is not the only reason why the Company decided to recommend Crowe's appointment. Some of the audit firms which submitted their proposals do not have audit coverage over China and Malaysia (where some of the Company's subsidiaries are located).</p> <p>This re-tender exercise is also an attempt at cost savings as audit fees represent substantial expenses for the Company. However, after speaking with various audit firms, the Company realised that it is being charged based on risk and hence, the ability to achieve cost savings is rather limited. If the Company changes to another audit firm, chances are that the overall audit expenses might become higher.</p> <p>In any case, Crowe has done a fantastic job as the Company's auditors, and there is nothing outstanding between Crowe and the management. The Company is satisfied with Crowe's service and this re-tender exercise is more of an attempt to achieve cost savings.</p>

Q3: *Did the Company reach out to the Big 4 audit firms for their proposals?*

Company's Response: No, the Company did not reach out to the Big 4 audit firms as their audit fees would likely be too high for the Company.

ORDINARY RESOLUTION – THE PROPOSED APPOINTMENT OF AUDITORS

The Meeting proceeded to approve the appointment of Crowe as the external auditor of the Company ("**Proposed Appointment of Auditors**"), to hold office until the conclusion of the next AGM, at such remuneration and on such terms to be agreed between the Directors and Crowe.

The Meeting noted that Crowe had on 25 May 2023, given their written consent to act as auditors of the Company and its Singapore-incorporated subsidiaries.

The Chairman, in his capacity as a Shareholder, proposed the motion. Mr Zhao Yong Chang, in his capacity as a Shareholder, seconded the motion.

The Ordinary Resolution was put to vote by way of poll.

The Chairman stated that there were 43,606,517 shares voting "FOR" the motion representing 100%, 0 shares voting "AGAINST" the motion representing 0% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution carried by a unanimous vote. It was resolved:

"That:

- (a) the appointment of Crowe as auditors of the Company with effect from the date of Shareholders' approval of this ordinary resolution to hold office until the conclusion of the next AGM at such remuneration and on such terms to be agreed between the Directors and Crowe be and is hereby approved; and
- (b) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Appointment of Auditors and/or the transactions authorised by this Ordinary Resolution."

CONCLUSION

The Chairman stated that the Company will publish the minutes of the EGM on the Company's website and SGXNET within a month after the EGM.


The Chairman thanked the Shareholders for their attendance at the EGM and declared the Meeting closed.

DARCO WATER TECHNOLOGIES LIMITED

- Minutes of Extraordinary General Meeting

Page | 4

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Wang Zhi
Chairman of Meeting