

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

RESPONSE TO THE BUSINESS TIMES' ARTICLE DATED 15 AUGUST 2020

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 relating to the issuance of a letter of demand dated 12 August 2020 against its former director and executive officer, Mr Thye Kim Meng (**"Mr Thye"**) released on the SGXNet on 12 August 2020 (the **"Previous Announcement"**).
- 1.2 Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Previous Announcement.
- 1.3 The Board further refers to an article in The Business Times dated 15 August 2020 (the **"BT Article"**) reporting on Mr Thye's response to the Company's Letter of Demand and wishes to make this announcement to provide clarificatory information in response.

2. RESPONSE

- 2.1 The BT Article reported that *"Mr Thye also demanded a confirmation from the board as to whether the issuance of the letter of demand was an action taken by the management of the company, or the company under the instructions or influence of non-executive deputy chairman Wang Zhi."*
- 2.2 The Board would like to clarify as follows:
- (a) The claim against Mr Thye arose out of a comprehensive internal review of past transactions entered into by the Group. Please refer to the 16 April 2020 Announcement for more details on the review.
 - (b) Following the review, each member of the Board, in consultation with the Company's legal counsel, deliberated on the course of action. The decision to issue the Letter of Demand against Mr Thye was reached by the Board collectively.
- 2.3 The Board wishes to reiterate that given the potential litigation that may arise, the Company is unable to comment on the merits of the claim against Mr Thye at this juncture. The Company has been working closely with its legal advisors and will continue to do so to pursue all avenues to



protect its interests and will make timely announcements as and when significant developments arise.

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

18 August 2020