



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

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**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED  
ON THE COMPANY'S ANNOUNCEMENT DATED 17 MARCH 2021 ENTITLED:**

**"CALL BY CERTAIN SHAREHOLDERS FOR THE COMPANY TO  
COMMENCE ACTION AGAINST A DIRECTOR OF THE COMPANY AND ONE OTHER PERSON"**

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**1. Background**

The Board of Directors (the "Board" or the "Directors") of Darco Water Technologies Limited (the "Company" and together with its subsidiaries, collectively, the "Group") refers to the Company's announcement dated 17 March 2021 entitled, "Call by certain shareholders for the Company to commence action against a director of the Company and one other person", which was uploaded onto the SGXNET (the "17 March Announcement").

Unless otherwise defined herein, capitalised terms shall have the meaning ascribed to them in the 17 March Announcement.

Following the release of the 17 March Announcement, the SGX Regco has issued certain queries in relation to the 17 March Announcement and the Board would like to respond to each of such queries as follows.

**2. Response to SGX Regco Queries**

**SGX Regco Query (1):**

- (a) *It is stated in the Announcement that, "The board of directors (the "Board") of Darco Water Technologies Limited (the "Company", together with its subsidiaries, the "Group") wishes to inform Shareholders that the Company has received a letter sent for and on behalf of a group of Shareholders holding in aggregate approximately 16.1% shareholding interests in the Company ("Complainant Shareholders") calling for the Company to commence action against Mr Wang Zhi, a Director and the Non-Executive Deputy Chairman, and one other person, in connection with allegations of various wrongdoings, including breaches of duties, through their involvement in the transactions pertaining to certain payments made pursuant to a consultancy agreement entered into by the Company, the undertaking by Mr Wang Zhi to procure the transfer of the water treatment asset or concession (previously and from time to time disclosed and referred to by the Company as the "Gaoyi Plant") and now aborted acquisition of 75% of the total share capital of PT Panghegar Energy Indonesia in relation to a waste-to-energy project in West Java (previously and from time to time disclosed and referred to by the Company as the "Nambo Project")."*
- (i) *Please disclose the identity of the one other person as stated above and clarify whether he is a director or management of the Company.*

**Company's Response:**

The one other person named in the letter sent for and on behalf of the Complainant Shareholders is one Mr Pek Thiam Keong, also referred to in the letter as "Mr Patrick Pek".

The named Mr Patrick Pek is neither a director, employee nor member of the management of the Company.

- (ii) *Please provide further information on the consultancy agreement entered into by the Company, including the nature of the agreement and the quantum involved.*

**Company's Response:**

The consultancy agreement was entered into by the Company with Qarah Consultancy Pte Ltd ("**Qarah Consultancy**") on or about 8 July 2019. Under the terms of the consultancy agreement, Qarah Consultancy was engaged to provide, among others, an independent assessment of the projects of the Group in Singapore, Malaysia, China and Vietnam based on information provided by the Company, such assessment to cover profitability, manpower utilization, cost and margins compared to other opportunities. Qarah Consultancy was also to provide industry and market information in relation to economic, political risk, currency stability, competition, challenges, threats and opportunities of the industry that the Group is operating in as well as provide the Company with information on financing options and costs involved in such options; a copy of Qarah Consultancy Report dated 18 October 2019 was provided to the SGX on 7 December 2020. The duration of the engagement is for a period of three (3) months on a retainer basis at a fixed monthly retainer fee of S\$7,000 per month; the total amount paid is S\$21,000 under this consultancy agreement.

- (b) *Listing Rule 720(1) of the Listing Manual provides that an issuer must also comply with Listing Rule 210(5) on a continuing bases, which requires among others, a consideration of the character and integrity of directors and management. Please provide the Nominating Committee's assessment and the bases for such assessment of whether (i) Mr Wang Zhi; and (ii) one other person (if he is a director or management of the Company) are suitable to continue as a director and/or management of the Company, where applicable.*

**Company's Response:**

The Nominating Committee has informed the Board as follows:

- (i) In a meeting of the Nominating Committee of the Company held on the 11 March 2021, the Nominating Committee noted that Mr Wang Zhi has stated his desire to retire from his directorship and as Deputy Chairman in the Company and not seek a re-election at the forthcoming Annual General Meeting of the Company.
- (ii) The Nominating Committee accepted and respects Mr Wang Zhi's decision to retire from his directorship and as Deputy Chairman and will recommend to the Company not to put Mr Wang Zhi up for re-election at the forthcoming Annual General Meeting.
- (iii) In addition, the Nominating Committee wishes to note that nothing has come to the attention of the Nominating Committee which would suggest that Mr Wang Zhi is not fit or suitable to continue as a director if he had elected not to retire from his directorship.
- (c) *Please advise as to whether the Board would be continuing to monitor the progress and evaluating the continued suitability of (i) Mr Wang Zhi; and (ii) one other person (if he is a*



*director or management of the Company) as a director and/or management of the Company and compliance with the continuing listing rules. Please also advise as to whether the Board would make further announcements as and when necessary.*

**Company's Response:**

While it is no longer relevant given Mr Wang Zhi's decision to retire from his directorship in the Company, for completeness, the Board would like to state that if Mr Wang Zhi were to continue to act as a director of the Company, the Board will be committed to continuing evaluation of the continued suitability of Mr Wang Zhi as a director of the Company and his compliance with the continuing listing rules.

The Board is further committed to a continuing monitoring of the progress of the matters arising from the letter sent on behalf of the Complainant Shareholders and will make further announcements as and when necessary.

**BY ORDER OF THE BOARD**

Poh Kok Hong  
Executive Director and Chief Executive Officer

23 March 2021