



SOLUTIONS TO WATER & WASTE

DARCO WATER TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200106732C)

**ANNOUNCEMENT ON RESPONSES TO QUERIES RECEIVED FROM
THE SINGAPORE EXCHANGE REGULATION ON 24 JULY 2023**

1. INTRODUCTION

The Board of Directors (the “**Directors**” or the “**Board**”) of Darco Water Technologies Limited (the “**Company**” and together with its subsidiaries, collectively, the “**Group**”) refers to the Company’s announcement dated 18 July 2023, entitled “Announcement of Independent Non-Executive Director” (“**Announcement**”).

2. RESPONSES TO QUERIES FROM SGX REGCO

The Board would like to respond to the following queries raised by the Singapore Exchange Regulation on 24 July 2023 (the “**SGX Queries**”, and each, an “**SGX Query**”):

SGX Query (1):

We note the following information disclosed in the Announcement under Annex A and B:

- (a) Mr. Lai Hock Meng (“**Mr. Lai**”) was the managing director of Morgan Grenfell & Partners Securities Pte Ltd (“**MGAPS**”) and MGAPS was fined \$75,000 by the then Stock Exchange of Singapore for the breach of regulations on capital adequacy ratio.
- (b) Mr. Lai was an independent non-executive director of PureCircle Limited (“**PureCircle**”) and PureCircle was imposed a penalty of US\$575,000 pertaining to shipments from 2014 to early 2016.
- (c) Mr. Lai received a warning letter from Monetary Authority of Singapore on 10 June 2015 regarding the contravention of Section 133 of the Securities and Futures Act, Chapter 289 of Singapore for failing to notify a listed corporation of a change in his interest in the securities of the corporation.

Please disclose the Board’s and Nominating Committee’s assessment on Mr. Lai’s suitability in view of the above, and the basis for such assessment.

Company’s response to SGX Query (1):

The Nominating Committee (“**NC**”) in considering Mr. Lai’s suitability as a director of the Company took into account the following in relation to the above:

1. Mr. Lai did not have any personal involvement in the events described in Annex A to the Announcement and was not personally charged by any regulatory authority in connection with such events. For Annex B to the Announcement, Mr. Lai has made immediate disclosure to the regulators on the same day when he discovered this oversight on his part. The NC and the Board will continue to remind directors to declare their interests in the securities of the corporation and directorships in a timely manner. Mr. Lai informed the Board that since 2015, he had not been the subject of any ongoing investigations against him or any of the entities he holds directorships in, and has not received any other warnings from regulators as at the date of this announcement.

2. Mr. Lai has over 15 years of experience as a director for various issuers listed in Singapore and overseas and has a background in corporate finance advisory work. The Board and NC are of the view that his consultancy expertise would add to the diverse skills and knowledge present in the current Board. The depth of Mr. Lai's experience would also serve to strengthen the quality of leadership and capabilities of the current Board in overseeing the Group's overall long-term strategic objectives and directions.

Accordingly, the NC recommended his appointment to the Board which accepted such recommendations and approved his appointment. NC has considered two other candidates and decided that Mr. Lai is the most suitable among the candidates being considered.

SGX Query (2):

It is disclosed in the announcement that Mr. Lai currently has 15 present directorships.

Please disclose the Board's and Nominating Committee's assessment on how Mr. Lai will have sufficient time and bandwidth to fulfil his responsibilities as an Independent Non-Executive Director effectively in view of his concurrent appointments.

Company's response to SGX Query (2):

Mr. Lai has been appointed mostly as non-executive director in the companies listed in the Announcement dated 18 July 2023. Accordingly, the Board and the NC have assessed Mr. Lai's ability to dedicate time to his duties as a director of the Company in view of his concurrent appointments and noted that:

1. Mr. Lai is a director for only one other listed issuer, namely Casa Holdings Ltd, and three of its subsidiaries. The remaining directorships are for non-listed companies. The only company that Mr. Lai has executive duties is HML Consulting Group. The rest of his directorships are held in a non-executive capacity. Separately, Champ Private Equity Pte Ltd and CPEC 8 Holdings Pte Ltd are part of a group of companies where Mr. Lai's directorships are held in a non-executive capacity as well.
2. In considering Mr. Lai's appointment as an Independent Non-executive Director of the Company, the NC and the Board are of the view that he is already familiar with the responsibilities, and understands the expectations of, a director of an issuer listed on the SGX. As described in the response to SGX Query (1) above, the Board and the NC believe that Mr. Lai brings with him a wealth of experience in corporate investment and business strategy.

As such, the NC and the Board are of the view that Mr. Lai will be able to commit the requisite time and resources to fulfil his responsibilities as an independent non-executive director of the Company.

SGX Query (3):

Please also disclose how Mr. Lai was introduced to the Company and the identity of the introducer.

Company's response to SGX Query (3):

Mr. Lai's membership on the Board had been recommended to the Chairman through Mr. Wang Yingyang ("**Mr. Wang**"), a Non-Independent Executive Director of the Company. Mr. Wang had met Mr. Lai about 10 years ago through the CFA Society in Singapore where both of them are members, and they have remained in regular contact in social and professional events since then. Mr. Wang did not receive any compensation or fees in connection with his recommendation that Mr. Lai be considered for membership on the Board.



BY ORDER OF THE BOARD

Dr. Zhang Zhenpeng
Executive Director and Chief Executive Officer

27 July 2023