



**SOLUTIONS TO WATER & WASTE**

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

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**ANNUAL GENERAL MEETING (“AGM”) TO BE HELD ON 25 APRIL 2022  
RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS**

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Darco Water Technologies Limited (“**Darco**” or the “**Company**”) refers to its announcement on 8 April 2022 on the alternative arrangements for the AGM and, in particular, to the invitation to shareholders to submit questions in advance of the AGM. The Company would like to thank shareholders for the questions submitted. The Company’s responses to the questions received from the shareholders are set out below. The questions which are similar in nature and pertain to the same subject matter are grouped together for ease of reference and paraphrased for clarity:

1. **The Net Asset Value of the company is about 40 Singapore cents, but the company share price has been trading at 12 Singapore cents for the past several years. Despite changes in CEO and Chairman, there seems to be no improvement in the Company performance. Since Singapore has opened up for the new normal, it would be great if the CEO arranges a face-to-face meeting with the shareholders to introduce himself and share the company’s past, present and future?**

**Response:**

Both Chairman and CEO were recently appointed on 13 July 2021 and 1 September 2021, respectively. While the Company’s performance last year was marred by weak market sentiment and resolution of various outstanding matters such as Con Dao Solar, management endeavors to strive for better results in the near future. The Board welcomes the suggestion for a meeting with shareholders. We will update the shareholders in due course.

2. **Darco Water Tech is also providing service in the pneumatic rubbish chute system. Is it time to change the company name to reflect the current business profile of the company?**

**Response:**

The brand premium associated with Darco Water Technologies is well-established in the region and is a valuable asset for the growth of the Company’s business. There is no plan to change the Company name at this moment.

3. **What is your strategic plan to grow each of these business segments? Also share with us if the growth will come locally in Singapore or regionally as in Malaysia, Vietnam, and China**
- **Engineered Environmental System**
  - **Water Management Service**
  - **Trading Sales**

**Response:**

“Engineered Environmental Systems (“**EE Systems**”)” segment relates to design, fabricate, assemble, install and commission of water treatment plants. EE Systems also include the design and install of industrial and commercial vacuum systems. “Water Management Services (“**WM Services**”)” segment relates to maintenance of such plants and/or vacuum systems. “Trading” segment relates to sale of chemicals, consumables, and spare parts in support of the earlier two segments. All three segments are co-related and synergistic to each other. Thus, management approaches these three water and waste business segments as a whole, divided into geographic segments of China, Malaysia, and Vietnam.

In China, the Company has appointed a veteran of the water industry Mr. Zhao Yong Chang as the Managing Director of the China subsidiary, Wuhan Kaidi Water Services. Mr. Zhao is also the Group’s Executive Director and Chief Operating Officer. His deep knowledge of the Chinese water industry and the Chinese business environment is a valuable asset for the Group.

In Malaysia, the Company has appointed another water industry veteran Mr. Phua Kia Chik as the Managing & Country Director of the Group’s Malaysian subsidiaries. His combination of a solid engineering foundation and strong managerial skillsets will steer the Malaysian business forward steadily. With two operational bases in Selangor and Penang, Mr. Phua and his team are tasked to synergise to achieve efficiencies and to sharpen the Company’s marketing focus and reach across various industrial segments.

For both these markets, the Company is exploring strategic partnerships with industry players to enhance its positioning and technical capabilities as well as broaden its customer reach to non-traditional bases. This may also include strategic tie-ups of distributorships and acquisitions. Further updates shall be provided when there are significant developments.

Vietnam is one of ASEAN’s fastest-growing economies. With a population of 100 million, there is strong demand for water infrastructure and water supply. The Company started a portfolio of investment and development of water supply projects in 2018 in partnership with InfraCo VietAqua Pte Ltd. Ba Lai project, which started with technical studies in 2018 and is under construction at the moment, is 1 of 5 projects originally identified for this portfolio. The Company will continue to explore opportunities for teaming up with strategic partners for such investment or EPC projects in Vietnam.



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4. In Singapore, Darco Water Technology is providing service and support for the pneumatic rubbish chute system.
- a) Please share with us where are we now on this business – how many towns in Singapore have we implemented?
  - b) Are there plans to grow this service to other new towns in Singapore?

**Response:**

The Company has won several projects since 2016, with a total value of approximately S\$70 million. These projects cover areas like Sengkang, Tampines, Bidadari, Tengah, Ang Mo Kio, Teck Ghee and Queenstown. The Company will continue to participate in tendering whenever there is a tender call.

5. The board of directors of Darco Water Technology have not been active in attending the company AGM in the past, including the Chairman. Based on the company performance, it seems like the Board of Directors might not have the right skills and passion to drive this company to profitability. Are there any opportunities to invite some of the substantial shareholders into the board of directors?

**Response:**

It is inaccurate statement to say that the Board of Directors of Darco Water Technologies have not been active in attending the Company's AGM in the past as evidenced by the Directors' attendance at the general meetings which are set out in the corporate governance reports of the annual reports for the respective financial years.

The Board periodically reviews the composition of the Board and Board Committees, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance and the Company has confidence that the current Board will stand up to the task of growing the Company and enhancing shareholder value. The current board composition complies with the Code of Corporate Governance and recommendations on diversity and the Nominating Committee has and will always deliberate on any suitable director candidate who come forward with the relevant experience, skillsets, profile and fit who will be able to contribute to the Group.

6. Darco Water Technologies has not been profitable for more than 10 yrs. The Net Asset Value of the company is 40 cents while the share price is only 12 cents. This is a SALE! Yet, the company is not actively trading on SGX. Would it be wise to sell off the company at 40 cents and share the capital gain with its shareholders?



**Response:**

There is no such plan of any asset disposal at the moment as the Board remains confident in the long-term prospects of the Group's core business segments. The Company shall provide an update to shareholders when there is any development in this regard.

**BY ORDER OF THE BOARD**

Kong Chee Keong  
Executive Director and Chief Executive Officer

19 April 2022