



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

CLARIFICATION ANNOUNCEMENT RE:

UPDATE ON LEGAL ACTION AGAINST FORMER DIRECTOR AND EXECUTIVE OFFICER

HIGH COURT JUDGMENT IN SUIT NO. 844 OF 2020

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Darco Water Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s previous announcement dated 8 March 2022 entitled “Update on Legal Action Against Former Director and Executive Officer – High Court Judgment in Suit No. 844 of 2020” (the “**8 March 2022 Announcement**”).
- 1.2 *Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the 8 March 2022 Announcement.*

2. CLARIFICATION

- 2.1 It is mentioned in the 8 March 2022 Announcement that “...the High Court dismissed the Company’s claim and declined to make any finding of breaches of director’s [duties] on Mr. Thye’s part for the Water Project and the Solar Project”.
- 2.2 The Company wishes to clarify the above-mentioned statement as follows:
- (a) the key point of the statement is that the High Court had dismissed the Company’s claims (i.e. the claims that Mr. Thye had breached his duties as a director of the Company in respect of the Water Project and the Solar Project); and
 - (b) the High Court had declined to agree with the Company’s position that Mr. Thye had breached his duties as a director and, accordingly, did not arrive at any finding of breaches of director’s duties on the part of Mr. Thye. The Company, as the plaintiff in the Suit, bore the burden of proving its claim that Mr. Thye had breached his director’s duties. In advancing its claim, the Company also sought for a declaration that Mr. Thye had breached his fiduciary duties. The High Court’s refusal to grant the relief that the Company sought for is premised on its decision to *not* make any finding that there were any breaches of director’s duties on Mr. Thye’s part.

2.3 A summary of the High Court's findings in relation to each of the allegations made by the Company to the Court is set out below:

(a) Whether Mr. Thye had breached his duties in respect of the Water Project

The High Court found, *inter alia*, that:

- (i) Board approval was not required to enter into the Framework Agreement;
- (ii) Board approval was not required for the payment of the deposit to CA Trading (the "**Deposit**"); and
- (iii) (A) the Company had not shown that Mr. Thye was responsible for the due diligence exercise; and (B) it disagreed that Mr. Thye should have intervened to seek a refund of the Deposit.

Based on the above, the High Court found that the Company had not established the alleged breaches against Mr. Thye in respect of the Water Project, and accordingly found that Mr. Thye was not in breach of his duties in respect of the Water Project.

(b) Whether Mr. Thye had breached his duties in respect of the Solar Project

The High Court found, *inter alia*, that:

- (i) Board approval was not required for the payments of US\$200,000, US\$300,000 and US\$100,000 to Mr. Dao on behalf of Darco Water System Sdn Bhd (the "**Payments**");
- (ii) the Company's contention that there were no contractual obligations requiring Mr. Thye to make the Payments was unmeritorious;
- (iii) the Company had failed to prove that Mr. Thye did not discharge his duties in authorising the Payments; and
- (iv) it disagreed that Mr. Thye should have recovered the payments as no due diligence was conducted and no Solar Project SPA was entered into.

Based on the above, the High Court found that Mr. Thye was not in breach of his duties in respect of the Solar Project.

- (c) In conclusion, the High Court held that for the reasons set out above, it did not find any breaches of director's duties by Mr. Thye and had accordingly dismissed the Company's claims.

3. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.



BY ORDER OF THE BOARD

Kong Chee Keong
Executive Director and Chief Executive Officer

15 March 2022