



BETTER SOLUTIONS TO WATER & WASTE

Darco Water Technologies Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200106732C)

ENTRY INTO SALE AND PURCHASE AGREEMENT FOR THE DISPOSAL OF VACANT LAND

1. Introduction

The board of directors (the “**Board**” or “**Directors**”) of Darco Water Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Darco Water Systems Sdn. Bhd. (the “**Vendor**”), the Company’s wholly owned subsidiary, has entered into a sale and purchase agreement dated 23 July 2025 (the “**SPA**”) with CS One Property Sdn. Bhd. (the “**Purchaser**”), for the disposal of the freehold vacant industrial land held under No. Hakmilik Geran 136247, No. Lot 16681, Mukim Setul, Daerah Seremban, Negeri Sembilan (the “**Property**”) by the Vendor to the Purchaser for a consideration of RM4,562,568 (equivalent to approximately S\$1,381,865¹) (the “**Consideration Sum**”) (the “**Proposed Disposal**”).

The Proposed Disposal constitutes a “disclosable transaction” under Chapter 10 of the Listing Rules. Please refer to **Section 8** of this announcement for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Rules.

2. Information on the Property

2.1 Information

The Property is located at Lot 16681, Kawasan Industri Nilai 3, 71800 Nilai, Negeri Sembilan. The Property has a gross land area of approximately 5233 square metres. The Property is to be sold on an “as is where is” basis.

The Group does not conduct any operations at the Property. The Property is not material to the Group’s business and is a non-core asset of the Group.

2.2 Valuation

The Company has commissioned an independent valuer, Henry Butcher Malaysia (the “**Independent Valuer**”), to perform a valuation of the Property based on generally accepted valuation methodologies. According to the initial valuation report dated 21 June 2023 and the re-assessment report dated 22 April 2025 issued by the Independent Valuer, the estimated fair market value of the Property is approximately RM4,800,000 (equivalent to approximately S\$1,453,776) as at 22 April 2025.

The valuation was prepared using the Comparison Method whereby, in formulating the opinion of the current market value of the Factory, a comparison was made with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In arriving at the opinion of the value of the Factory, due consideration was given to factors such as but not limited to – location size, building differences, improvements and amenities, and time elements.

¹ For the purpose of this announcement, the RM/SGD exchange rate used for the relevant Singapore Dollars equivalent is based on an exchange rate of RM\$1 : S\$0.30287 as at 22 July 2025 being the day preceding the date of the SPA.

3. Information on the Purchaser

CS One Property Sdn. Bhd.

The Purchaser is a company incorporated in Malaysia. The Purchaser is engaged in the principal activity of acquiring and investing land and properties for investment purposes.

The Purchaser is an independent and unrelated third party. To the best of the Board's knowledge, information, and belief, having made all reasonable enquiries, the Purchaser, together with its shareholders and directors, (a) are not related to any Director or substantial shareholder of the Company and (b) do not own any shares in the Company, as at the date of this announcement.

4. Rationale

The Company believes that the Proposed Disposal is in the best interests of the Group as the Property is currently not used for Group's operations and the Proposed Disposal will enable the Group to realise the value of the Property and to improve and optimise the utilisation of its assets and capital.

5. Consideration

The Consideration Sum

The Consideration Sum of RM4,562,568.00 (equivalent to approximately S\$1,381,865) shall be satisfied by way of cash, as follows:

- (a) RM91,215.36 (equivalent to approximately S\$27,626) has been paid by the Purchaser prior to execution of the SPA only as earnest deposit to CBD Properties Sdn Bhd, who is the Vendor's agent;
- (b) RM365,041.44 (equivalent to approximately S\$110,560) to be paid by the Purchaser to the Vendor's solicitors upon execution of the SPA, to be released to the Vendor in accordance with the terms and conditions of the SPA; and
- (c) RM4,106,311.20 (equivalent to approximately S\$1,243,678) (the "**Balance Purchase Price**") to be paid by the Purchaser to the Vendor's solicitors within the four (4) months from the date of the SPA (the "**Completion Period**") or within one (1) month from the expiry of the Completion Period (the "**Extended Completion Period**"), as the case may be, in accordance with the terms and conditions of the SPA.

The Consideration Sum was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account, *inter alia*, the following:

- (i) the current market value of properties in the surrounding area;
- (ii) the fair market value of the Property based on the valuation reports issued by the Independent Valuer; and
- (iii) the prevailing economic conditions.

6. Intended Use of Proceeds

The Consideration Sum arising from the Proposed Disposal represents an estimated gain on disposal of S\$0.15 million, being an excess over the book value of the Property. In conjunction with the disposal, the related construction in progress amounting to S\$0.34 million is written off, resulting in a net loss impact of S\$0.19 million.

The costs and expenses incurred or to be incurred by the Group are not material and shall be funded through the Group's internal resources.

The Group intends to utilise the sale proceeds to pay off the mortgage loan of the Property, secure the remaining bank facility of the Vendor, and use the balance proceeds for working capital.

7. Principal Terms of the Sale and Purchase Agreement

According to the SPA:

(a) Sale and Purchase of the Property

The Vendor agrees to sell and the Purchaser agrees to purchase the Property on an “as is where is basis” free from all encumbrances but subject to any express or implied conditions of title and restriction-in-interest (if any) affecting the same if any, as may be endorsed on the title and with vacant possession at the Consideration Sum and upon the terms and conditions contained on the SPA.

(b) Completion

The date of full settlement of the Consideration Sum and all interest accrued thereon (if any) shall be referred to as “**the Completion Date**”.

Subject to the terms and conditions of the SPA, in the event that the Purchaser shall fail to pay the Balance Purchase Price on or before the Completion Period, the Vendor shall grant to the Purchaser an automatic extension of time for the Extended Completion Period for the Purchaser to make payment of the Balance Purchase Price or such outstanding part thereof PROVIDED ALWAYS THAT the Purchaser shall pay to the Vendor interest (the “**Late Payment Interest**”) on the Balance Purchase Price or such part thereof remaining unpaid at eight per centum (8%) per annum calculated on a daily basis from the commencement of the Extended Completion Period up to the date of full settlement by the Purchaser of the Balance Purchase Price or such outstanding part thereof in accordance with the terms of the SPA based on a three hundred and sixty-five (365) day year, such interest to be payable upon settlement of the Balance Purchase Price.

In the event the Vendor has not fulfilled any of the Vendor's obligations under the SPA within the relevant time period(s) stated in the SPA and subject to the Purchaser satisfying its relevant obligations as sated in the SPA, the Vendor shall be deemed to have granted an automatic extension of time to the Purchaser and the Completion Period or the Extended Completion Period, as the case may be, shall be automatically extended by a period corresponding to the aggregate period of delay taken for the Vendor to procure due fulfilment of the Vendor's obligations under the SPA.

(c) Consideration

Please refer to **Section 5** of this announcement.

(d) Governing Law and Jurisdiction

The SPA shall be governed by the laws of Malaysia and the parties to the SPA submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties under the SPA and agree to waive any objection on the grounds of venue or forum of convenience or any similar grounds.

8. Relative Figures computed on the bases set out in Listing Rule 1006

The relative figures computed on the bases set out in Listing Rule 1006 for the Proposed Disposal are as follows:

Listing Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	3.95% ⁽²⁾
Listing Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable ⁽³⁾
Listing Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares.	18.9% ⁽⁴⁾
Listing Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁵⁾
Listing Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁶⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2024, the net asset value represented by the Property, which relates to the industrial land cost is approximately S\$1.19 million which represents approximately 3.95% of the Group's net asset value of approximately S\$30.25 million as at 31 December 2024.
- (3) The Property was vacant and was not income generating.
- (4) The Consideration Sum to be received by the Company in connection with the Proposed Disposal is RM4,562,568 (equivalent to approximately S\$1.38 million) which represents approximately 18.9% of the Company's market capitalisation of approximately S\$7.32 million on 22 July 2025, being the last full market day on which trades were done preceding the date of the SPA. The Company's market capitalisation was determined by multiplying the number of shares in issue (93,831,492 shares) by the weighted average price of such shares transacted on 22 July 2025 (S\$0.078).
- (5) The Proposed Disposal is a disposal of assets not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Disposal.
- (6) The Company is not a mineral, oil and gas company.

For the relative figures above, the RM/SGD exchange rate used for the relevant Singapore Dollars equivalent is based on an exchange rate of RM\$1 : S\$0.30287 as at 22 July 2025 being the day preceding the date of the SPA.

As two of the relative figures computed on the bases set out in Listing Rule 1006 exceeds 5% and all relative figures are less than 20%, the Proposed Disposal is classified as a "disclosable transaction" under Listing Rule 1010.

9. Financial Effects

The financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per share and the earnings per share [("**EPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2024. For the purpose of illustrating the financial effects, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Disposal was completed on 31 December 2024;
- (b) the financial effects on the EPS of the Group are computed assuming that the Proposed Disposal was completed on 1 January 2024;
- (c) the written-off the related construction in progress amounting to S\$0.34 million is included in the assessment; and
- (d) the costs and expenses incurred or to be incurred in connection with the Proposed Disposal shall be disregarded.

Financial Effects on the NTA per share of the Group

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA as at 31 December 2024 (S\$'000)	14,602	14,456
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	93,831,492	93,831,492
NTA per Share (Singapore cents)	15.56	15.41

Financial Effects on the EPS of the Group

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Profits after tax attributable to equity holders of the Company (S\$'000)	1,007	819
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	93,831,492	93,831,492
EPS for profit after tax attributable to the equity holders of the Company (Singapore cents)	1.07	0.87

The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No

representation is made as to the actual future results and/or financial position of the Company and/or the Group.

10. Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal and no service contracts in relation thereto is proposed to be entered into by the Company.

11. Interests of Directors and Substantial Shareholders

Save as disclosed in this announcement, none of the Directors and/or the substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company, if any.

12. Documents Available for Inspection

A copy of the SPA and the valuation reports of the Property may be inspected at the registered office of the Company located at 1 Commonwealth Lane, #09-06, One Commonwealth, Singapore 149544 during normal business hours for three (3) months from the date of this announcement.

13. Directors Responsibility Statement

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and the Group, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

14. Cautionary Statement

Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. In particular, the SPA is subject to conditions which may or may not be fulfilled.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board of
Darco Water Technologies Limited

Zhang Zhenpeng
Executive Director and Chief Executive Officer
24 July 2025