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

PROPOSED NON-RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 93,831,492 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

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1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Darco Water Technologies Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to undertake a non-renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 93,831,492 new ordinary shares in the capital of the Company (the "**Rights Shares**"), at an issue price of S$0.053 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the "**Shares**") held by all shareholders of the Company (the "**Shareholders**") who are eligible to participate in the Proposed Rights Issue (the "**Entitled Shareholders**") as at a date and time to be determined by the Directors, at and on which the register of members of the Company and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Proposed Rights Issue (the "**Record Date**"), fractional entitlements to be disregarded.

For the avoidance of doubt, no Record Date will be fixed until the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") has approved the Proposed Rights Issue, in accordance with Rule 821 of the Listing Manual of the SGX-ST: Rules of Mainboard ("**Listing Manual**"). A separate announcement will be made regarding the Record Date.

1.2 The Company has appointed Shook Lin & Bok LLP as its legal adviser in relation to the Proposed Rights Issue and PrimePartners Corporate Finance Pte. Ltd. as the manager of the Proposed Rights Issue (the "**Manager**"). For the avoidance of doubt, the Proposed Rights Issue will not be underwritten by the Manager.

1.3 The Proposed Rights Issue will not be undertaken pursuant to the general share issuance mandate obtained at the annual general meeting of the Company held on 29 April 2026, and will be subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting to be convened by the Company (the "**EGM**").

1.4 The principal terms of the Proposed Rights Issue are summarised below:

Principal Terms	**Description**
Issue Price	S$0.053 per Rights Share
Discount	The Issue Price of S$0.053 per Rights Share is equal: (a) to the weighted average price of S$0.053 per Share for trades done on the SGX-ST on 6 November 2026 (being the full market day on which the Shares were last traded on the SGX-ST prior to the release of this announcement) ("**Last Traded Price**"); and

	(b) to the theoretical ex-rights price ("**TERP**") of approximately S$0.053 per Share based on the Last Traded Price[1]. The Issue Price has been determined taking into account, *inter alia*, the prevailing market conditions (being general economic conditions, interest rates, market conditions, sentiments and uncertainties), TERP, Last Traded Price, the funding needs of the Company, the allotment ratio, the fact that the Proposed Rights Issue will be supported by the Undertaking Shareholder (as defined below) (please refer to section 3 of this announcement) and the rationale for the Proposed Rights Issue as stated in section 4 of this announcement.
Allotment Ratio	one (1) Right Shares for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.
Use of Proceeds	Please refer to section 4 of this announcement for details on the use of proceeds arising from the Proposed Rights Issue.
Purpose of Issue	Please refer to section 4 of this announcement for details on the rationale for the Proposed Rights Issue.

2. TERMS OF THE PROPOSED RIGHTS ISSUE

2.1. Issue Size

As at the date of this announcement, there are 93,831,492 Shares (excluding nil treasury shares and nil subsidiary holdings) in issue (the "**Existing Issued Share Capital**"). As at the date of this announcement, the Company does not have any share option or long-term incentive scheme in place, nor any outstanding warrants or options.

Based on the Existing Issued Share Capital, assuming that the Proposed Rights Issue is fully subscribed, the number of Rights Shares to be allotted and issued under the Proposed Rights Issue will be 93,831,492 Shares (the "**Maximum Issue Size**") and, upon the completion of the allotment and issuance of the Rights Shares (the "**Completion**"), the issued and paid-up share capital of the Company will increase to 187,662,984 Shares.

2.2. Ranking of the Rights Shares

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date[2] for which falls on or before the date of issue of the Rights Shares.

2.3. Non-Underwritten

In view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, and there being no minimum amount that must be raised from the Proposed Rights Issue and the fact that the Proposed Rights Issue will be supported by the Undertaking

[1] TERP of each Share is the theoretical market price of each Share assuming the completion of the Proposed Rights Issue, and is calculated based on the Last Traded Price, and the number of Shares following completion of the Proposed Rights Issue under the Maximum Scenario.

[2] "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been modified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

Shareholder (as defined below) (please refer to section 3 of this announcement), the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

The Proposed Rights Issue will not be withdrawn after the commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Listing Manual.

2.4. **Option to Scale Down Subscription**

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares and/or excess applications for the excess Rights Shares by any Shareholder (if such Shareholder chooses to subscribe for its *pro rata* Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-Overs and Mergers (the "**Code**") as a result of other Shareholders not taking up their Rights Shares entitlement fully; or to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Listing Manual, unless prior approval of Shareholders is obtained in a general meeting.

2.5. **Offer Information Statement**

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights Issue, including the procedures for acceptances and applications for the Rights Shares, will be contained in the offer information statement to be issued by the Company in connection with the Proposed Rights Issue (the "**Offer Information Statement**") to be lodged with the Monetary Authority of Singapore (the "**MAS**"), and despatched by the Company to Entitled Shareholders in due course, subject to section 6 of this announcement.

2.6. **Provisional Allotments and Excess Applications**

The Company proposes to provisionally allot the Rights Shares to the Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders (each as defined below), on the basis of their shareholdings as at the Record Date. Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of The Central Depository (Pte) Limited (the "**CDP**") or the Share Registrar (as defined below), as the case may be.

Entitled Shareholders will be at liberty to accept in full or in part or decline their provisional allotments of the Rights Shares and will also be eligible to apply for Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders for rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (directly or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The Company will not make any issuance and allotment of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The procedures for, and the terms and conditions applicable to, acceptances of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

AS THE PROPOSED RIGHTS ISSUE IS MADE ON A NON-RENOUNCEABLE BASIS, ENTITLED SHAREHOLDERS SHOULD NOTE THAT THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES CANNOT BE RENOUNCED IN PART OR IN WHOLE IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST.

2.7. **Entitled Depositors**

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts (the "**Securities Accounts**") with CDP and whose registered addresses with CDP are in Singapore as at the Record Date or who have provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days[3] prior to the Record Date (the "**Entitled Depositors**").

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Record Date.

2.8. **Entitled Scripholders**

Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Share Registrar**"), are in Singapore as at the Record Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Record Date, and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Record Date (the "**Entitled Scripholders**").

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Record Date by the Share Registrar, in order to be registered to determine provisional allotments of Rights Shares.

2.9. **CPF Investment Scheme**

Entitled Shareholders who have previously bought their Shares under the Central Provident Fund ("**CPF**") Investment Scheme (the "**CPFIS Members**") may use their monies standing to the credit of the account opened with a CPF agent bank (the "**CPF Investment Accounts**") ("**CPF Funds**") for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the CPF. Such CPFIS Members who wish to accept their provisional allotments of Rights Shares will need to instruct their CPF agent bank where they hold their CPF Investment Accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement.

2.10. **Supplementary Retirement Scheme**

[3] "**Market Day**" means a day on which the SGX-ST is open for trading in securities.

Entitled Shareholders who have previously bought their Shares under the Supplementary Retirement Scheme ("**SRS**") (the "**SRS Members**") using their account opened with the relevant approved banks (the "**SRS Accounts**") and who wish to subscribe for their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares may do so, subject to the applicable rules and regulations of the SRS, using monies standing to the credit of their respective SRS Accounts. Such SRS Members who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using SRS monies, must instruct the relevant approved banks in which they hold their SRS Accounts, to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the Offer Information Statement. Any application made directly to CDP, the Share Registrar, the Company and/or through automated teller machines of any participating bank appointed and named in the Offer Information Statement by such Entitled Shareholders will be rejected. Such Entitled Shareholders should refer to the Offer Information Statement for important details relating to the offer procedure in connection with the Proposed Rights Issue.

2.11. **Foreign Shareholders**

The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Record Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and accordingly, the Rights Shares will NOT be offered to Foreign Shareholders.

The Offer Information Statement and its accompanying documents will not be despatched, lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Proposed Rights Issue. As Foreign Shareholders will not be entitled to participate in the Proposed Rights Issue, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefor by any Foreign Shareholder will be valid.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE MAY PROVIDE AN ADDRESS IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS BY NOTIFYING IN WRITING, AS THE CASE MAY BE, (I) CDP AT 2 SHENTON WAY, #02-02, SGX CENTRE I, SINGAPORE 068804 OR (II) DARCO WATER TECHNOLOGIES LIMITED C/O THE SHARE REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., AT 1 HARBOURFRONT AVENUE, KEPPEL BAY TOWER #14-07, SINGAPORE 098632, IN EACH CASE, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE RECORD DATE.

2.12. **Trading of Odd Lots**

Shareholders who, upon the allotment and issuance of Rights Shares, hold odd lots of the Rights Shares, and who wish to trade in odd lots on the Mainboard, should note that they will be able to do so on the Unit Share Market of the SGX-ST.

3. IRREVOCABLE UNDERTAKING AND SET OFF ARRANGEMENTS

3.1. The Proposed Rights Issue will be supported by the controlling shareholder of the Company, Wang Zhi (the "**Undertaking Shareholder**").

3.2. As at the date of this announcement, the shareholding of the Undertaking Shareholder is as follows:

	Direct Interest		Deemed Interest		Total	
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)
Wang Zhi	45,969,018	48.99	361,200	0.38	46,330,218	49.37

Note:

(1) Based on the Existing Issued Share Capital of the Company.

3.3. To show support for the Proposed Rights Issue and to demonstrate commitment to and confidence in the prospects of the Group, the Undertaking Shareholder has given a letter of undertaking (the "**Irrevocable Undertaking**") in favour of the Company that, *inter alia*:

(a) he will apply and subscribe for and/or procure applications and subscription for and pay for and/or procure the payment for the whole of his *pro rata* entitlement of 46,330,218 Rights Shares under the Proposed Rights Issue, for an aggregate subscription amount of approximately S$2,455,501.55;

(b) he will apply and subscribe for and/or procure applications and subscription for and pay for and/or procure the payment for up to 3,000,000 Rights Shares which are not taken up by the other Shareholders who are eligible to participate in the Proposed Rights Issue, in excess of his provisional allotments under the Proposed Rights Issue (subject to availability), for a subscription amount of approximately S$159,000.00 (together with the amount in paragraph 3.3(a), an aggregate subscription amount of S$2,614,501.55, being the "**Undertaking Shareholder's Subscription Amount**");

(c) notwithstanding the foregoing, he shall only subscribe for such maximum number of his *pro rata* entitlement of the Rights Shares and/or the excess Rights Shares to the extent that the Company would not lose its free float as defined under Rule 723 of the Listing Manual (i.e., to the extent that the aggregate shareholding interest of the Company's directors, chief executive officer, current substantial shareholders, or current controlling shareholders of the Company or its subsidiaries, as well as their associates, does not exceed 90%); and

(d) he will ensure that none of the Shares in which he currently has an interest (directly or indirectly) are sold, transferred or otherwise disposed of or dealt with in any manner which may prevent him from fulfilling his obligations under the Irrevocable Undertaking during the period between the date of the Irrevocable Undertaking and the date of closing of the Proposed Rights Issue without the prior written consent of the Company.

3.4. Under Rule 14.1 of the Code, where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person is required to make a general offer for all the shares in the company which he does not already own or control.

3.5. As at the date of this announcement, the Undertaking Shareholder holds approximately 49.37% of the Existing Issued Share Capital of the Company. To evaluate the likelihood of the Undertaking Shareholder acquiring Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry more than 1% of the voting rights of the Company as a result of the Proposed Rights Issue, an analysis of the shareholding interest of the Undertaking Shareholder is set out below for illustration purposes only. The analysis will consider the Maximum Scenario (as defined below) and Minimum Scenario (as defined below) as follows:

	Shareholding interest of the Undertaking Shareholder in the Company's share capital			
	Before the Proposed Rights Issue		After the Proposed Rights Issue	
	No. of Shares	%(1)	No. of Shares	%
Maximum Scenario	46,330,218	49.37	92,660,436	49.37(2)
Minimum Scenario	46,330,218	49.37	95,660,436	66.82(3)

Notes:

(1) The percentage is calculated based on the Existing Issued Share Capital.

(2) The percentage is calculated based on the Company's enlarged issued share capital of 187,662,984 Shares comprising the Existing Issued Share Capital and the issuance of 93,831,492 Rights Shares.

(3) The percentage is calculated based on the Company's enlarged issued share capital of 143,161,710 Shares assuming the Existing Issued Share Capital and the issuance of 49,330,218 Rights Shares.

"**Maximum Scenario**" assumes the Maximum Issue Size and that all Rights Shares are fully subscribed by all Shareholders.

"**Minimum Scenario**" assumes the case where no other Shareholder subscribes for their relevant entitlements under the Proposed Rights Issue and the Undertaking Shareholder subscribes for his entitlement as well as for 3,000,000 excess Rights Shares under the Proposed Rights Issue.

3.6. As illustrated above:

(a) under the Maximum Scenario, the Undertaking Shareholder's shareholding shall remain at 49.37% after the Proposed Rights Issue; and

(b) under the Minimum Scenario, the Undertaking Shareholder's shareholding may increase from 49.37% to 66.82% and exceeds the acquisition of more than 1% of the voting rights of the Company within a six (6) month period, after the acquisition of 49,330,218 Rights Shares pursuant to the Irrevocable Undertaking.

Accordingly, the Company will be seeking a waiver from the Securities Industry Council ("**SIC**") in respect of the Undertaking Shareholder's obligation to make a mandatory general offer under Rule 14 of the Code for the Shares not held by the Undertaking Shareholder and/or parties acting in concert with him in connection with the acquisition by the Undertaking Shareholder of up to 49,330,218 Rights Shares comprising his *pro rata* entitlements of 46,330,218 Rights Shares and up to 3,000,000 excess Rights Shares (subject to availability) and from having to comply with the requirements of Rule 14 of the Code (the "**Whitewash Waiver**"). In addition, the Company will also seek independent Shareholders' approval at the EGM in relation to the Whitewash Waiver.

3.7. The Irrevocable Undertaking shall be subject to and conditional upon the following:

(a) the Company not losing its free float status as set out in paragraph 3.3(c) above;

(b) the receipt of the listing and quotation notice ("**LQN**") of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, and where the LQN is subject to conditions, such conditions being acceptable to the Company;

(c) Shareholders' approval that will be sought at an extraordinary general meeting to be convened in connection with the Proposed Rights Issue;

(d) the grant of the Whitewash Waiver by the SIC, and the Whitewash Waiver not having been withdrawn or revoked before the completion of the Proposed Rights Issue and, where the Whitewash Waiver is granted subject to conditions, such conditions being fulfilled;

(e) independent Shareholders' approval that will be sought at an extraordinary general meeting to be convened in connection with the Whitewash Waiver;

(f) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company with the MAS; and

(g) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Proposed Rights Issue.

3.8. The Undertaking Shareholder will provide evidence in writing from one or more financial institution(s) in a form which is acceptable to the Company that he has a sufficient amount standing to his credit with the financial institution, sufficient for the purposes of fulfilling his obligations under the Irrevocable Undertaking, after taking into account the Undertaking Shareholder Set Off (as defined below), latest by (i) three (3) business days prior to the signing off of the circular in relation to the Proposed Rights Issue, or (ii) the submission of the additional listing application to the SGX-ST, whichever is earlier.

Set Off Arrangements

3.9. The Undertaking Shareholder had previously extended an interest-bearing loan of S$1,500,000 to the Company pursuant to loan agreements dated 25 August 2026 and 15 October 2026 (the "**Shareholder's Loan**"). As at 13 November 2026, being the agreed cut-off date for the computation of interest under the Shareholder's Loan for the purposes of the Irrevocable Undertaking, the aggregate amount owing to the Undertaking Shareholder under the Shareholder's Loan is approximately S$1,515,761 (comprising the outstanding principal amount of S$1,500,000 and accrued interest of S$15,761). For the avoidance of doubt, the value at risk of the transaction (i.e. the interest payable under the Shareholder's Loan) when aggregated with transactions entered into with the same interested person (as defined in the Listing Manual) is less than 3% of the Group's latest audited net tangible assets.

3.10. Pursuant to the Irrevocable Undertaking, if the Net Proceeds (as defined below) exceeds the amount required to fund the remaining payment tranches for the Proposed Acquisition (as defined below), being S$2.87 million, the Undertaking Shareholder has agreed that the Company shall be entitled to apply and set off part of the Undertaking Shareholder's Subscription Amount against the aggregate amount of S$1,515,761 owing under the Shareholder's Loan as at the cut-off date referred to in paragraph 3.9 above (the "**Undertaking Shareholder Set-Off**"). The Undertaking Shareholder will pay, or procure payment of, the remaining balance of the Undertaking Shareholder's Subscription Amount after offsetting the Shareholder's Loan, in cash.

3.11. The Undertaking Shareholder Set-Off will not take place if the Net Proceeds is expected to be below $2.87 million.

4. RATIONALE AND USE OF PROCEEDS

4.1. The Company is proposing the Proposed Rights Issue to raise proceeds to (i) support the Group's obligations in relation to the acquisition of a further 29.4% interest in Darco InfraCo Vietnam Water Pte. Ltd. from InfraCo VietAqua Pte. Ltd. (the "**Proposed Acquisition**"), (ii) provide further financial support for the continued development of the Ba Lai concession project in Vietnam for the supply of drinking water in Ben Tre Province for a concession period of 50 years commencing from July 2017 (the "**Ba Lai Project**"), and (iii) support the Group's general working capital purposes.

4.2. The Proposed Rights Issue is undertaken on a non-renounceable basis to streamline the Proposed Rights Issue process by saving time and costs whilst providing existing Shareholders with an opportunity to participate in future growth prospects of the Company.

4.3. Assuming the Maximum Scenario, the estimated net proceeds (i.e. gross proceeds from the Proposed Rights Issue after deducting estimated costs, expenses and commissions, the "**Net Proceeds**") from the Proposed Rights Issue are expected to be approximately S$4.73 million, after deducting estimated costs, expenses and commissions of approximately S$0.24 million incurred in connection with the Proposed Rights Issue.

4.4. Assuming the Minimum Scenario, the Net Proceeds from the Proposed Rights Issue are expected to be approximately S$2.37 million, after deducting estimated costs, expenses and commissions of approximately S$0.24 million incurred in connection with the Proposed Rights Issue.

4.5. The Company intends to utilise the Net Proceeds as follows:

Maximum Scenario

Use of Proceeds	Allocation of the Net Proceeds (S$ million)	Percentage of Net Proceeds (%)
To fund the remaining payment tranches for the Proposed Acquisition	2.87	60.68
For general corporate and working capital purposes	0.34	7.18
Repayment of Shareholder's Loan	1.52	32.14
Total	4.73	**100**

Minimum Scenario

Use of Proceeds	Allocation of the Net Proceeds (S$ million)	Percentage of Net Proceeds (%)
To fund the remaining payment tranches for the Proposed Acquisition	2.37	100
Total	2.37	**100**

4.6. The allocation may be subject to change, and is also subject to the final Net Proceeds from the Proposed Rights Issue, which would depend on, amongst others, the level of participation from Shareholders and the actual costs, expenses and commissions incurred. In addition, in view of the Undertaking Shareholder Set Off as detailed in paragraphs 3.9 and 3.10, the actual amount

of Net Proceeds in cash raised from the Undertaking Shareholder pursuant to the Irrevocable Undertaking will amount to S$0.86 million.

4.7. Upon Completion, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

4.8. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's annual reports until such time as the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

4.9. Based on the reasonable opinion of the Directors as at the date of this announcement, there is no minimum amount which must be raised from the Proposed Rights Issue taking into consideration the intended use of the Net Proceeds.

5. OPINION OF THE DIRECTORS

5.1 The Directors are of the opinion that, barring any unforeseen circumstances, after taking into consideration the present bank facilities, the Shareholder's Loan and operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the reasons for undertaking the Proposed Rights Issue are set out in section 4 of this announcement.

5.2 The Directors are also of the opinion that after taking into consideration the present bank facilities, the Shareholder's Loan and operating cash flows of the Group as well as the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

5.3 After taking into consideration the rationale relating to the Proposed Rights Issue as set out in section 4 of this announcement, and the terms and conditions of the Proposed Rights Issue, the Directors are of the opinion that the Proposed Rights Issue is beneficial for and in the best interests of the Company.

5.4 In determining the Issue Price as set out in paragraph 1.4 of this announcement, the Directors had taken into consideration, *inter alia*, the prevailing market conditions (being general economic conditions, interest rates, market conditions, sentiments and uncertainties), TERP, Last Traded Price, the funding needs of the Company, the allotment ratio, the fact that the Proposed Rights Issue will be supported by the Undertaking Shareholder (please refer to section 3 of this announcement) and the rationale for the Proposed Rights Issue as stated in section 4 of this announcement.

6. CONDITIONS OF THE PROPOSED RIGHTS ISSUE

6.1 The Proposed Rights Issue is subject to, *inter alia*, the following:

(a) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Mainboard of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Proposed Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;

(b) the Rights Shares being issued subject to Shareholders' approval to be obtained at the EGM and there being no further Shareholders' approval required for and in connection with the Proposed Rights Issue;

(c) the grant of the Whitewash Waiver by the SIC and independent Shareholders' approval of the Whitewash Waiver at the EGM;

(d) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), pursuant to the Securities and Futures Act 2001 of Singapore, by the Company with the MAS; and

(e) all other necessary consents, approvals and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue.

6.2 The Company will be making an application to the SGX-ST for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST. An appropriate announcement will be made in due course when the Company receives the approval in-principle for the Proposed Rights Issue from the SGX-ST.

7. NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE

The Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

8. EQUITY FUND RAISING IN THE LAST 12 MONTHS

The Company has not undertaken any equity fundraising exercise in the past 12 months prior to the date of this announcement.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders, as well as their respective associates, has any interest, direct or indirect, in the Proposed Rights Issue (other than through their respective shareholdings in the Company).

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 transactions above, the Company and its subsidiaries, and the Directors 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 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.

11. CAUTIONARY STATEMENT AND FURTHER ANNOUNCEMENTS

11.1. Where there are updates, variations or amendments to the terms of the Proposed Rights Issue, the Company will make further announcements as and when appropriate.

11.2. **Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Proposed Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.**

11.3. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers 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
17 November 2026