



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 FACTORY

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 14 May 2025 (the “**SPA**”) with Meda Renovation Sdn. Bhd. (the “**Purchaser**”), for the disposal of one (1) piece of freehold industrial land with a single storey semi-detached factory erected held under individual title Geran 135661, Lot 16140, Mukim Setul, Daerah Seremban, Negeri Negeri Sembilan (collectively, the “**Factory**”) by the Vendor to the Purchaser for a consideration of RM1,300,000.00 (equivalent to approximately S\$394,823¹) (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 Factory

2.1 Information

The Factory is located at 117 Jalan Nilai 3/12, Kawasan Industri Nilai 3, 71800 Nilai, Negeri Sembilan. The Factory has a gross floor area of approximately 669 square metres. The Factory is to be sold on an “as is where is” basis.

The Group does not conduct any operations at the Factory. The Factory 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 Factory based on generally accepted valuation methodologies. According to the initial valuation report dated 24 February 2025 and the re-assessment report dated 22 April 2025 issued by the Independent Valuer, the estimated fair market value of the Factory is approximately RM1,000,000 (equivalent to approximately S\$303,710) as at 22 April 2025.

The Vendor had commissioned such valuation, which 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\$0.30371 as at 13 May 2025 being the day preceding the date of the SPA.

3. Information on the Purchaser

Meda Renovation Sdn. Bhd.

The Purchaser is a company incorporated in Malaysia. The Purchaser is engaged in the principal activities of:

- (a) interior decorators;
- (b) installation of doors, windows, door and window frames of wood or other materials, fitted kitchens, staircases, shop fittings and furniture; and
- (c) laying, tiling, hanging or fitting in buildings or other construction projects of various types of materials.

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 Factory is currently not used for Group's operations and the Proposed Disposal will enable the Group to realise the value of the Factory and to improve and optimise the utilisation of its assets and capital.

5. Consideration

The Consideration Sum

The Consideration Sum of RM1,300,000.00 (equivalent to approximately S\$394,823) shall be satisfied by way of cash, as follows:

Deposit

- (a) Earnest deposit of RM39,000.00 (equivalent to approximately S\$11,845), which is equivalent to 3% of the Consideration Sum has already paid by the Purchaser to the Vendor's property agent, Starcity Property Sdn Bhd, prior to the signing of the SPA;
- (b) Retention sum under the Real Property Gains Tax Act, 1976 of Malaysia of RM65,000.00 (equivalent to approximately S\$19,741), which is equivalent to 5% of the Consideration Sum paid or to be paid upon signing of the SPA and to be remitted by the Purchaser to the Director General of Inland Revenue Malaysia;
- (c) Balance deposit of RM26,000.00 (equivalent to approximately S\$7,896) which is equivalent to 2% of the Consideration Sum paid or to be paid upon signing of the SPA; and

Balance Sum

- (d) RM1,170,000.00 (equivalent to approximately S\$355,341) which is equivalent to 90% of the Consideration Sum (the "**Balance Sum**") shall be paid to MESSRS TAN & KHONG CHAMBERS within three (3) months from the date of the SPA (the "**Completion Date**") PROVIDED ALWAYS in the event the Purchaser shall fail to pay the Balance Sum within the Completion Date the Vendor shall grant to the Purchaser such extension of time of one (1) month from expiry of the Completion Date (the "**Extended Completion Date**") with or without request PROVIDED THAT the Purchaser shall pay to the Vendor interest at eight per centum (8%) per annum calculated on a day-to-day basis on the Balance Sum or any part thereof outstanding from the expiry of the Completion Date until the date of full payment.

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 Factory 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\$0.24 million, being an excess over the book value of the Factory.

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 Factory and 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 Factory

Subject to the terms and conditions in the SPA, the Vendor shall sell and the Purchaser shall purchase the Factory on an "as is where is" basis free from all encumbrances and other restriction-in-dealings whatsoever and with vacant possession in accordance with the terms and conditions of the SPA, but subject to the conditions express or implied in the title to the Factory for the Consideration Sum.

(b) Completion and Consideration

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

(c) Governing Law and Jurisdiction

The SPA is governed by, and is to be construed in accordance with, the laws of Malaysia.

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⁾	0.49% ⁽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.	5.6% ⁽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⁾
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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 Factory is approximately S\$0.15 million which represents approximately 0.49% of the Group's net asset value of approximately S\$30.25 million as at 31 December 2024.
- (3) The Factory was vacant and was not income generating.
- (4) The Consideration Sum to be received by the Company in connection with the Proposed Disposal is RM1,300,000.00 (equivalent to approximately S\$0.40 million) which represents approximately 5.6% of the Company's market capitalisation of approximately S\$7.04 million on 13 May 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 13 May 2025 (S\$0.075).
- (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\$0.30371 as at 13 May 2025 being the day preceding the date of the SPA.

As one 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; and
- (c) 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	14,852
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	15.83

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	1,245
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	1.33

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 Factory 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

Dr. Zhang Zhenpeng
Executive Director and Chief Executive Officer
14 May 2025