BETTER SOLUTIONS TO WATER & WASTE

Darco Water Technologies Limited

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

PROPOSED ACQUISITION OF 49% OF DARCO INFRACO VIETNAM WATER PTE. LTD.

1. Introduction

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 announcements released by the Company on 24 July 2025 and 8 August 2025 (the "**Previous Announcements**") in relation to, *inter alia*, the receipt of a notice of exercise of put option from InfraCo VietAqua Pte. Ltd. ("**InfraCo**") dated 27 June 2025, which was granted pursuant to the restated shareholders' agreement dated 30 November 2018 and further amended on 27 June 2022, entered into by the Company and InfraCo (the "**Put Option**") (the "**Shareholders' Agreement**").

Subsequent to the Previous Announcements, and pursuant to negotiations between the Company and InfraCo, the parties have agreed to enter into a sale and purchase agreement for the sale and purchase of the shares in Darco InfraCo Vietnam Water Pte. Ltd. ("**DIVW**" or the "**Target**") from InfraCo to the Company, in lieu of the Put Option.

In this regard, the Company (or the "**Purchaser**") wishes to announce that it has entered into a sale and purchase agreement dated 19 December 2025 (the "**SPA**") with InfraCo (or the "**Vendor**"), for the acquisition of an aggregate of 3,697,670 ordinary shares in the share capital of Darco InfraCo Vietnam Water Pte. Ltd. (the "**Sale Shares**") ("**DIVW**" or the "**Target**"), representing approximately 49% of the issued and paid-up share capital of the Target and 100% of the shares in the Target held by the Vendor, for an aggregate consideration of approximately US$3,640,085 (equivalent to approximately S$4,700,442[1]) (the "**Consideration Sum**"), in three (3) tranches (the "**Proposed Acquisition**"). Further details of the Consideration Sum and the said tranches are set out under **Section 5** of this announcement.

The Proposed Acquisition constitutes a "major 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 Acquisition computed on the bases set out in Rule 1006 of the Listing Rules.

Accordingly, the Proposed Acquisition is subject to approval by the shareholders at an extraordinary general meeting of the Company to be convened. Further information on the Proposed Acquisition will be provided in a letter to shareholders to be issued by the Company in due course.

2. Information on the Target

2.1 Information

The Target, Darco InfraCo Vietnam Water Pte. Ltd., is a company incorporated in Singapore on 2 February 2018, and is currently an approximately 51%-owned subsidiary of the Company.

[1] For the purpose of this announcement, the USD/SGD exchange rate used for the relevant Singapore Dollars equivalent is based on an exchange rate of US$1 : S$1.2913 as at 18 December 2025 being the day preceding the date of the SPA.

As at the date of this announcement, the Target has an issued and paid-up share capital of S$7,545,816, comprising 7,545,816 ordinary shares.

Following completion of the Proposed Acquisition, the Target shall become a wholly owned subsidiary of the Company.

As disclosed in the Company's announcement dated 2 February 2018, the Target was incorporated pursuant to a shareholders' agreement dated 15 December 2017 (restated on 30 November 2018 and further amended on 27 June 2022) entered into by the Company and InfraCo.

The Target was incorporated for the purpose of entering into a joint venture with InfraCo to develop a portfolio of water supply projects in Vietnam, and serves as the investment holding vehicle for the Vietnam project company(ies) undertaking the development, implementation, financing, construction and operation of such projects.

Details of the Target's subsidiaries are set out in **Appendix A** to this announcement.

2.2 Financial Information

Based on the unaudited financial statements of the Target and its subsidiaries (collectively, the "**Target Group**"), for the financial period ending 30 June 2025:

(a) the book value and net assets[1] of the Target Group, was approximately S$7.55 million and S$6.09 million, respectively; and

(b) the net loss attributable to the Target Group, was approximately S$0.69 million as at 30 June 2025.

Note:
(1) The net assets (both tangible and intangible) of the Target Group have been disclosed as the Company is of the view that such disclosure would be more accurate and reflective of the financial position of the Target Group.

2.3 Valuation

No valuation was conducted in respect of the Proposed Acquisition as the Consideration Sum was derived from, amongst others, the original consideration for the Sale Shares of US$4,600,634 (equivalent to approximately S$5,940,799) under the Put Option (which was derived based on a commercially agreed formula as provided in the Shareholders' Agreement), and adjusted based on negotiations between the Purchaser and the Vendor.

3. Information on the Vendor

The Vendor, InfraCo VietAqua Pte. Ltd., is a company incorporated in Singapore on 7 November 2017, and as at the date of this announcement, has an issued and paid-up share capital of US$1, comprising 1 ordinary share.

As at the date of this announcement, the Vendor holds approximately 49% of the shares in the Target (i.e., the Sale Shares).

InfraCo VietAqua Pte. Ltd. is a subsidiary of InfraCo Asia Business Development Pte. Ltd., a member of the Private Infrastructure Development Group ("**PIDG**"). PIDG is an infrastructure project developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and southeast Asia. PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals. PIDG delivers its ambition in line with its values of pioneering, partnership, safety, inclusivity, and urgency.

To the best of the Board's knowledge, information and belief, having made all reasonable

enquiries, the Vendor, 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

As disclosed in the Previous Announcements, InfraCo had exercised the Put Option for the sale and transfer of all of the shares held by InfraCo in DIVW to the Company. Thereafter, on 7 August 2025, the Company agreed to InfraCo's proposal dated 5 August 2025, where, amongst others, the Company would submit its proposed terms for amendment of the Put Option no later than 31 October 2025. Please refer to the Previous Announcements, for further details.

Subsequently, pursuant to negotiations between the Company and InfraCo, the parties have agreed to enter into the SPA instead of amending the Put Option, to resolve this matter amicably.

The Board is of the view that the Proposed Acquisition is beneficial to shareholders and in the best interests of the Company as the Proposed Acquisition enables the Company to purchase the Sale Shares across three years, as opposed to purchasing the Sale Shares in a single lump sum transaction pursuant to the Put Option, allowing the Company to better manage its cash flow and reserves.

5. Consideration

The Consideration Sum of US$3,640,085 shall be satisfied by way of cash in three (3) tranches, as follows:

(a) US$1,395,288 (equivalent to approximately S$1,801,735) to be paid by the Purchaser to the Vendor ("**Tranche A Consideration**") on (i) 30 January 2026, subject to the Purchaser having obtained approval of its board of directors and/or shareholders (in particular, under Chapter 10 of the Listing Rules) in relation to the entry into the SPA and the transactions contemplated therein, or if the approvals are not obtained by 30 January 2026, within five (5) business days such approvals have been obtained; or (ii) or such other date as the Parties may agree in writing ("**Tranche A Completion Date**"), for the sale and purchase of 1,479,068 Sale Shares ("**Tranche A Shares**");

(b) US$1,103,330 (equivalent to approximately S$1,424,730) to be paid by the Purchaser to the Vendor ("**Tranche B Consideration**") on or around 30 January 2027, or such other date as the Parties may agree in writing ("**Tranche B Completion Date**"), for the sale of and purchase of 1,109,301 Sale Shares ("**Tranche B Shares**");

(c) US$1,141,467 (equivalent to approximately S$1,473,976) to be paid by the Purchaser to the Vendor ("**Tranche C Consideration**") on or around 30 January 2028, or such other date as the Parties may agree in writing ("**Tranche C Completion Date**"), for the sale of and purchase of 1,109,301 Sale Shares ("**Tranche C Shares**").

Notwithstanding the foregoing, pursuant to the terms of the SPA, the Purchaser shall have the right (but not the obligation) to accelerate the completion of the sale and transfer of all (and not part of) the remaining Sale Shares other than Tranche A Shares ("**Purchaser Accelerated Tranche Shares**") in advance of the abovementioned timelines, at its sole discretion, 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 original consideration for the Sale Shares of US$4,600,634 under the Put Option (which was derived based on a commercially agreed formula as provided in the Shareholders' Agreement), and adjusted based on negotiations between the Purchaser and the Vendor;

(ii) the net asset value of the Target; and

(iii) the prevailing economic conditions.

6. Source of Funds

The Consideration Sum shall be funded through the Group's internal resources.

Each party shall pay its own legal, accountancy and other professional costs, charges and expenses incurred in connection with the negotiation, preparation and implementation of the SPA and the Purchaser shall pay all stamp duties on the transfer of the Sale Shares.

7. Principal Terms of the Sale and Purchase Agreement

According to the SPA:

(a) Consideration

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

(b) Conditions Precedent

Completion of the Proposed Acquisition is conditional upon, *inter alia*, the following conditions precedent:

(i) the Purchaser having obtained approval of its board of directors and/or shareholders (in particular, under Chapter 10 of the Listing Rules), as well as all other necessary corporate approvals or authorisations to enter into the SPA and to take all such steps and do all such acts as are necessary to give effect to the SPA and transactions contemplated in the SPA;

(ii) the Purchaser having obtained an undertaking from its substantial shareholder, Wang Zhi, who holds 49.16% of the total ordinary shares in the capital of the Purchaser that he will take all such steps and do all such acts as are necessary to give his approval in relation to the shareholders' approval referred in subsection (i) above, and a copy of such undertaking having been delivered to the Vendor;

(iii) the Vendor obtaining such approval(s) from its board of directors and/or shareholders (if required) in connection with the SPA and the transactions contemplated in the SPA as may be necessary;

(iv) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the SPA (whether in Singapore or elsewhere), financial institutions or other third parties having been obtained by the Vendor, Purchaser or the Target, as the case may be, such consents, approvals and waivers not having been amended or revoked before the relevant Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the relevant Completion Date, all such conditions being reasonably acceptable to the relevant Party and all such conditions having been duly so fulfilled;

(v) the Vendor and the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;

(vi) the Vendor not having breached any of the Vendor's pre-completion undertakings and covenants as set out in the SPA (which generally relates to operational matters involving the Target and providing/procuring the necessary approvals at the Target

level for the SPA and the transactions contemplated therein); and

(vii) the Purchaser not having breached any of the Purchaser's pre-completion undertakings and covenants as set out in the SPA (which generally relates to operational matters involving the Target and providing/procuring the necessary approvals at the Target level for the SPA and the transactions contemplated therein).

(c) Completion

Completion of the sale and transfer of each tranche of Sales Shares shall take place on the relevant Completion Date for that respective tranche at the office of the Purchaser (or such other venue as the parties may agree in writing).

On the Tranche A Completion Date, amongst others:

(i) the sale and purchase of the Tranche A Shares from the Vendor to the Purchaser would take place;

(ii) one (1) of the directors of the Target appointed by the Vendor in connection with the Shareholders' Agreement (the "**InfraCo Director(s)**") shall resign; and

(iii) the Purchaser shall make payment of the Tranche A Consideration by way of bank transfer to the Vendor's bank account.

On the Tranche B Completion Date, amongst others:

(i) the sale and purchase of the Tranche B Shares from the Vendor to the Purchaser would take place; and

(ii) the Purchaser shall make payment of the Tranche B Consideration by way of bank transfer to the Vendor's bank account.

On the Tranche C Completion Date, amongst others:

(i) the sale and purchase of the Tranche C Shares from the Vendor to the Purchaser would take place;

(ii) the remaining InfraCo Director(s) shall resign;

(iii) the Purchaser shall effect a change of name of the Target to remove references to "InfraCo" in the Target's name; and

(iv) the Purchaser shall make payment of the Tranche C Consideration by way of bank transfer to the Vendor's bank account.

(d) Shareholders Agreement

With effect on and from the Tranche A Completion Date and provided completion of the Tranche A Shares has occurred, the Vendor has agreed to waive certain provisions of the Shareholders' Agreement, which generally relates to operational matters of the Target.

(e) VGF Shareholder Loan

In connection with the Shareholders' Agreement, the parties had previously entered into a shareholder loan agreement dated 31 May 2022, pursuant to which the Vendor had granted the Target an interest-free shareholder loan facility of a total principal amount not exceeding US$2,700,000 (equivalent to approximately S$3,486,510) ("**VGF Shareholder Loan**").

In respect of the VGF Shareholder Loan, the Parties have now agreed that:

(i) 40% of the VGF Shareholder Loan (equivalent to US$1,080,000, approximately S$1,394,604) shall be automatically converted into a free grant upon the completion of the sale and purchase of the Tranche A Shares;

(ii) 30% of the VGF Shareholder Loan (equivalent to US$810,000, approximately S$1,045,953) shall be automatically converted into a free grant upon the completion of the sale and purchase of the Tranche B Shares; and

(iii) 30% of the VGF Shareholder Loan (equivalent to US$810,000, approximately S$1,045,953) shall be automatically converted into a free grant upon the completion of the sale and purchase of the Tranche C Shares,

in accordance with the terms and conditions of the SPA (as opposed to the said conversion taking place only upon the completion of the sale and purchase of <u>all</u> Sale Shares).

(f) <u>Put Option and Call Option</u>

The Vendor hereby covenants and undertakes to the Purchaser that it shall not exercise the Put Option at any time from the date of the SPA until and unless the SPA is terminated for any reason (including where any condition precedent as set out in **Section 7(b)** above is not satisfied), provided that such suspension of the Put Option applies and remains effective while the Purchaser is not in default of, and does not breach any provision of, the SPA, and the Put Option shall lapse upon the completion of the sale and transfer of all the Sale Shares.

The Purchaser hereby covenants and undertakes to the Vendor that it shall not exercise the call option granted to it pursuant to the Shareholders' Agreement (the "**Call Option**") at any time from the date of the SPA until and unless the SPA is terminated for any reason (including where any condition precedent as set out in **Section 7(b)** above is not satisfied), provided that such suspension of the Call Option applies and remains effective while the Vendor is not in default of, and does not breach any provision of, the SPA, and the Call Option shall lapse upon the completion of the sale and transfer of all the Sale Shares.

(g) <u>Purchaser Accelerated Tranche Shares</u>

The Purchaser may accelerate the completion of the sale and transfer of the Purchaser Accelerated Tranche Shares by giving the Vendor not less than 15 business days' prior written notice of its intention to do so.

The consideration applicable for a sale of the Purchaser Accelerated Tranche Shares shall be determined based on a commercially agreed upon formula as set out in the SPA.

(h) <u>Vendor Accelerated Tranche Shares</u>

If completion of the sale and purchase of any tranche of Sale Shares cannot or does not occur due to any default, act, or omission of the Purchaser, the Vendor shall be entitled (but not obliged to), at its sole discretion, to accelerate the completion of the sale and transfer of all (and not part of) the remaining Sale Shares ("**Vendor Accelerated Tranche Shares**"), by giving the Purchaser not less than 15 business days' prior written notice of its intention to do so, in accordance with the terms and conditions of the SPA.

The consideration applicable for the sale of the Vendor Accelerated Tranche Shares shall be US$3,640,085 (being the total consideration for all the Sale Shares) less any consideration that has been paid by the Purchaser.

(i) Remedies of the Vendor

In the event that the Purchaser fails to complete the acquisition of any tranche of the Sale Shares (including the Vendor Accelerated Tranche Shares) in accordance with the SPA, the Vendor shall be entitled (but not obliged to), without prejudice to any other rights or remedies available to it, to (i) terminate the SPA; (ii) serve a Put Option notice in accordance with the terms of the Shareholders' Agreement; (iii) seek and obtain an order for specific performance; and/or (iv) claim damages from the Purchaser at law or in equity, in accordance with the terms and conditions of the SPA.

(j) Governing Law and Jurisdiction

The SPA shall be governed by, and construed in accordance with, the laws of Singapore. Any dispute arising out of or in connection with the SPA, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in accordance with the terms and conditions as set out in the SPA.

Further, any arbitration proceedings between the parties commenced under the SPA and any arbitration proceedings commenced under the Shareholders' Agreement or other related documents may be joined and consolidated and may be resolved in accordance with the Arbitration Rules of the Singapore International Arbitration Centre in a single arbitration.

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 Acquisition 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)	Not applicable (2)
Listing Rule 1006(b)	The net losses attributable to the assets acquired or disposed of, compared with the group's net losses.	16% (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.	63% (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) The Proposed Acquisition is an acquisition of assets not a disposal of assets.

(3) Based on the unaudited financial statements of the Target for the financial period ending 30 June 2025, the aggregate losses before tax attributable to the Sale Shares amounts to approximately S$0.34 million, as

compared to the Group's losses before tax of approximately S$2.13 million as at 30 June 2025.

(4) The Consideration Sum to be given by the Company in connection with the Proposed Acquisition is US$3,640,085 (equivalent to approximately S$4.7 million) which represents approximately 63% of the Company's market capitalisation of approximately S$7.5 million on 18 December 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 18 December 2025 (S$0.08).

(5) No equity securities will be issued by the Company in connection with the Proposed Acquisition.

(6) The Company is not a mineral, oil and gas company.

As one of the relative figures computed on the bases set out in Listing Rule 1006 exceeds 20% and all relative figures are less than 100%, the Proposed Acquisition is classified as a major transaction under Listing Rule 1014, and is accordingly subject to the approval of the shareholders.

9. Financial Effects

The financial effects of the Proposed Acquisition 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 Acquisition (i.e., the sale and purchase of all the Sale Shares as well as the full conversion of the VGF Shareholder Loan) was completed on 31 December 2024;

(b) the financial effects on the EPS of the Group are computed assuming that the Proposed Acquisition (i.e., the sale and purchase of all the Sale Shares as well as the full conversion of the VGF Shareholder Loan) was completed on 1 January 2024; and

(c) the costs and expenses incurred or to be incurred in connection with the Proposed Acquisition shall be disregarded.

Financial Effects on the NTA per share of the Group

	Before Completion of the Proposed Acquisition	**After Completion of the Proposed Acquisition**
NTA as at 31 December 2024 (S$'000)	14,602	19,315
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	20.58

Financial Effects on the EPS of the Group

	Before Completion of the Proposed Acquisition	**After Completion of the Proposed Acquisition**
Profits after tax attributable to equity holders of the Company (S$'000)	1,007	5,720

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
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	6.10

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 Acquisition 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 Acquisition, other than through their respective shareholdings in the Company, if any.

12. Documents Available for Inspection

A copy of the SPA 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 Acquisition, 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 Acquisition will be completed. In particular, the SPA is subject to conditions which may or may not be fulfilled.

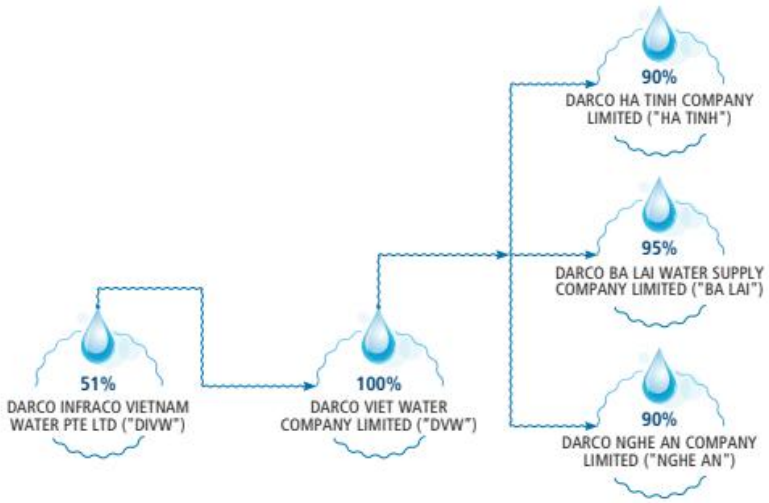
Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which 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
19 December 2025

Appendix A

Darco InfraCo Vietnam Water Pte. Ltd. and its subsidiaries



Name of Company	**Darco Viet Water Company Limited ("DVW")**
Incorporation Date	30 January 2018
Country of Incorporation	Vietnam
Shareholders	100% owned by the Target
Principal Business	Design and fabrication of water treatment systems and providing consultancy services in relation to such business

Name of Company	**Darco Ha Tinh Company Limited**
Incorporation Date	3 January 2019
Country of Incorporation	Vietnam
Shareholders	90% owned by DVW, 10% owned by an unrelated third party
Principal Business	Design and fabrication of water treatment systems and providing consultancy services in relation to such business

Name of Company	**Darco Ba Lai Water Supply Limited**
Incorporation Date	14 May 2018
Country of Incorporation	Vietnam
Shareholders	95% owned by DVW, 5% owned by an unrelated third party
Principal Business	Design and fabrication of water treatment systems and providing consultancy services in relation to such business

Name of Company	**Darco Nghe An Company Limited**
Incorporation Date	24 July 2018
Country of Incorporation	Vietnam
Shareholders	90% owned by DVW, 10% owned by an unrelated third party
Principal Business	Design and fabrication of water treatment systems and providing consultancy services in relation to such business