

ANNAIK LIMITED
(Company Registration No. 197702066M)
(Incorporated in the Republic of Singapore)

ACQUISITION OF 6% OF THE SHARES OF ANGWEI ENVIRONMENTAL ECOLOGICAL & ENGINEERING (SHANGHAI) CO., LTD (上海昂为环境生态工程有限公司)* AND 6% OF THE SHARES OF CHANGXING ANGWEI ENVIRONMENTAL & ECOLOGICAL ENGINEERING CO., LTD. (长兴昂为环境生态工程有限公司)* BY ANXON ENVIRONMENTAL PTE LTD

1. THE ACQUISITIONS

1.1 Introduction

The board of directors of AnnAik Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Anxon Environmental Pte Ltd ("**Anxon Environmental**") has on 14 July 2020 entered into:-

- (a) a sale and purchase agreement ("**Shanghai AngWei SPA**") with Zhong Guanpeng (钟冠鹏) ("**Zhong Guanpeng**") to acquire 6% of the shares in AngWei Environmental Ecological & Engineering (Shanghai) Co., Ltd (上海昂为环境生态工程有限公司)* ("**Shanghai AngWei**"); and
- (b) a sale and purchase agreement ("**ChangXing AngWei SPA**") with ChangXing Runjin Environmental Engineering Co., Ltd (长兴润锦环境工程有限公司)* ("**ChangXing Runjin**") to acquire 6% of the shares in ChangXing AngWei Environmental & Ecological Engineering Co., Ltd. (长兴昂为环境生态工程有限公司)* ("**ChangXing AngWei**"),

(collectively, the "**Acquisitions**").

Anxon Environmental currently holds 60% of the registered share capital of Shanghai AngWei and 60% of the registered share capital of ChangXing AngWei. On completion of the proposed acquisitions under the Acquisitions, Anxon Environmental will hold 66% of the registered share capital of Shanghai AngWei and 66% of the registered share capital of ChangXing AngWei.

Zhong Guanpeng is one of the existing shareholders of Shanghai AngWei and ChangXing AngWei since the date of incorporation of both companies. He is also one of the shareholders in ChangXing RunJin, an investment company of ChangXing AngWei and he is an independent party of the Group.

1.2 Information on Shanghai AngWei and ChangXing AngWei

Shanghai AngWei is incorporated in the People's Republic of China on 23 February 2004 and its principal activities is investment holding company. Shanghai AngWei has 3 fully owned operating companies; ChangXing LiJiaXiang New Era Wastewater Treatment Co., Ltd, ChangXing AnnYi Wastewater Treatment Co., Ltd and ChangXing HengYi Wastewater Treatment Co., Ltd with principal activities include owning and management of wastewater treatment plants. The consolidated audited profit after tax of Shanghai AngWei is RMB 11,009,242 on 31 Dec 2019 (RMB 5,486,085 in 31 Dec 2018).

ChangXing AngWei is incorporated in the People's Republic of China on 27 February 2006 and its principal activities include owning and management of wastewater treatment plants. The audited profit after tax of ChangXing Angwei is RMB 3,810,232 on 31 Dec 2019 (RMB 2,012,446 on 31 Dec 2018)

1.3 Principal terms of the Acquisitions

1.3.1 Shanghai AngWei SPA

1.3.1.1 Consideration

The aggregate value of the consideration for the Shanghai AngWei SPA is RMB 2,709,367 (the "**Shanghai AngWei SPA Consideration**") and the funds required to satisfy the Shanghai AngWei SPA Consideration payable by Anxon Environmental under the Shanghai AngWei SPA will be financed through a combination of internal funds, proceeds from Rights cum Warrants and bank borrowings. The Shanghai AngWei SPA Consideration was determined based on an arms' length, willing-seller-willing-buyer basis, after taking into account various factors including mainly the net tangible assets of the audited accounts of Shanghai AngWei as at 31 December 2019.

The consideration represents a premium of RMB 73,335 over the 6% NTA of Shanghai AngWei.

Based on the audited accounts of Shanghai AngWei for the financial year ended 31 December 2019, the net tangible asset value of Shanghai AngWei is approximately RMB 43,933,867. No independent valuation was conducted on Shanghai AngWei

1.3.1.2 Terms of Payment

The Consideration will be paid in three tranches as follows:-

- (a) The first tranche of RMB 812,810, being 30% of the Shanghai AngWei SPA Consideration, to be paid within 14 business days of the execution of the Shanghai AngWei SPA;
- (b) The second tranche of RMB 1,354,684, being 50% of the Shanghai AngWei SPA Consideration, to be paid within 30 business days after completion by both parties of the necessary filings and registrations to effect the transfer of shares in Shanghai AngWei; and
- (c) The third tranche of RMB 541,873, being 20% of the Shanghai AngWei SPA Consideration, to be paid within three (3) months after the completion of paragraph (b) above.

In the event that Anxon Environmental fails to pay the Shanghai AngWei SPA Consideration to Zhong Guanpeng in accordance with the above payment schedule, it shall pay liquidated damages to Zhong Guanpeng at the rate of 0.02% of the total outstanding amount that remains payable, for each day overdue.

In the event that Zhong Guanpeng fails to transfer the shares in Shanghai AngWei to Anxon Environmental on the date specified in the Shanghai AngWei SPA, he shall pay liquidated damages to Anxon Environmental at the rate of 0.02% of the total price of the shares that have not been transferred, for each day overdue.

1.3.2 ChangXing AngWei SPA

1.3.2.1 Consideration

The aggregate value of the consideration for the ChangXing AngWei SPA is RMB 1,720,606 (the "**ChangXing AngWei SPA Consideration**") and the funds required to satisfy the ChangXing AngWei SPA Consideration payable by Anxon Environmental under the ChangXing AngWei SPA will be financed through a combination of internal funds, proceeds from Rights cum Warrants and bank borrowings. The ChangXing AngWei SPA Consideration was determined based on an arms' length, willing-seller-

willing-buyer basis, after taking into account various factors including mainly the net tangible assets of the audited accounts of ChangXing AngWei as at 31 December 2019.

The consideration represents a premium of RMB 18,477 over the 6% NTA of ChangXing AngWei.

Based on the audited accounts of ChangXing AngWei for the financial year ended 31 December 2019, the net tangible asset value of ChangXing AngWei is approximately RMB 28,368,824. No independent valuation was conducted on ChangXing AngWei.

1.3.2.2 Terms of Payment

The Consideration will be paid in three tranches as follows:-

- (a) The first tranche of RMB 516,182, being 30% of the ChangXing AngWei SPA Consideration, to be paid within 14 business days of the execution of the ChangXing AngWei SPA;
- (b) The second tranche of RMB 860,303, being 50% of the ChangXing AngWei SPA Consideration, to be paid within 30 business days after completion by both parties of the necessary filings and registrations to effect the transfer of shares in ChangXing AngWei; and
- (c) The third tranche of RMB 344,121, being 20% of the ChangXing AngWei SPA Consideration, to be paid within three (3) months after the completion of paragraph (b) above.

In the event that Anxon Environmental fails to pay the ChangXing AngWei SPA Consideration to ChangXing Runjin in accordance with the above payment schedule, it shall pay liquidated damages to ChangXing Runjin at the rate of 0.02% of the total outstanding amount that remains payable, for each day overdue.

In the event that ChangXing Runjin fails to transfer the shares in ChangXing AngWei to Anxon Environmental on the date specified in the ChangXing AngWei SPA, it shall pay liquidated damages to Anxon Environmental at the rate of 0.02% of the total price of the shares that have not been transferred, for each day overdue.

2. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

As none of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 5% on an individual and aggregated basis (i.e 1.1 (a) and 1.1 (b)), the Acquisitions constitute a non-discloseable transaction under Chapter 10 of the Catalist Rules.

For the avoidance of doubt pertaining to aggregation of transactions, there were no other similar transaction which involves Shanghai AngWei and ChangXing AngWei for the past 12 months.

3. RATIONALE FOR THE ACQUISITIONS

The Acquisitions are in the ordinary course of expansion of the Company's environmental business in China.

4. FURTHER INFORMATION RELATING TO THE ACQUISITIONS

4.1 Financial Effects

The Acquisitions are not expected to have any material impact on the consolidated net tangible assets or net earnings per share of the Company and the Group for the current financial year ending 31 December 2020.

4.2 Interests of Directors and Controlling Shareholders

None of the directors of the Company or their respective associates and to the best of the directors' knowledge, none of the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Acquisitions other than through their respective interests (if any) in the Company.

4.3 Directors' Service Contracts

No person has been proposed to be appointed as a director of the Company in connection with the Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Shanghai AngWei SPA and the ChangXing AngWei SPA are available for inspection during normal business hours at the Company's registered office at 52, Tuas Avenue 9, Singapore 639193 for a period of three (3) months commencing from the date of this Announcement.

6. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

7. RESPONSIBILITY STATEMENT BY THE DIRECTORS

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, as at the date hereof, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Acquisitions and the Group. 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.

By Order of the Board

Ng Kim Keang
Director
14 July 2020

** These are transliteration of the Chinese names of the entities. They may not be the legal names of the entities.*

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881..