

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

ACQUISITION OF 30% SHARES IN WUHAN PIONEER ENVIRONMENTAL TECHNOLOGY PTE LTD (武汉派宁环保技术有限公司)* BY SUZHOU PIONEER ENVIRONMENTAL TECHNOLOGY PTE LTD (苏州派宁环保科技有限公司)*

1. THE ACQUISITION

1.1 Introduction

The board of directors of AnnAik Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that Suzhou Pioneer Environmental Technology Pte Ltd (苏州派宁环保科技有限公司) ("**Suzhou Pioneer**") has acquired 300,000 ordinary shares (the "**Shares**") in Wuhan Pioneer Environmental Technology Pte Ltd (武汉派宁环保技术有限公司) ("**Wuhan Pioneer**"), comprising 30% of the paid up share capital of Wuhan Pioneer on 10th November 2017.

Suzhou Pioneer is a limited liability company incorporated in the People's Republic of China (the "**PRC**"), and is a 80% owned subsidiary of Pioneer Environmental Technology Pte. Ltd., ("**Pioneer**"). Pioneer is a 51% owned subsidiary of the Company.

1.2 Information on the Wuhan Pioneer

Wuhan Pioneer (Company Registration No.: 91420116MA4KLY1EON) was incorporated on 16 February 2016 in the PRC, with a registered share capital of RMB 20,000,000 and remained dormant since incorporation with no paid up capital being injected. Its principal activities include environmental engineering services, developing environmental technologies and environmental engineering projects.

On 10th November 2017, paid up capital of RMB 2,000,000 was injected into Wuhan Pioneer.

2. CONSIDERATION FOR THE ACQUISITION

Suzhou Pioneer injected RMB 600,000 for 30% shareholdings in Wuhan Pioneer. The consideration was arrived at 30% of the paid up capital of RMB 2,000,000. The RMB 600,000 consideration was financed through 50% borrowings from Zhou Zheng Sheng (周正生), one of the individual shareholders of Wuhan Pioneer, which incurs an interest of 12% per annum and is repayable in a year, and 50% from internal funds. External individual partners injected RMB 1,400,000 for 70% shareholdings in Wuhan Pioneer.

Suzhou Pioneer's shareholding had been updated with the local registration authority on 10 November 2017.

3. RATIONALE FOR THE ACQUISITION

Pursuant to the Acquisition, Pioneer will be able to expand its business in Wuhan, China to include the environmental engineering business, thus further broadening the territory reach of its environmental business.

4. FURTHER INFORMATION RELATING TO ACQUISITION

4.1 Financial Effects

The acquisition is not expected to have a material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2017.

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 Acquisition 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 Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

By Order of the Board

Ng Kim Keang

Director

10 January 2018

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

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor Hong Leong Finance Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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