

ANNAIK LIMITED

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

ENTRY INTO BUILT-OPERATE-TRANSFER PROJECT IN WASTEWATER TREATMENT PLANT IN THE PEOPLE'S REPUBLIC OF CHINA

Pursuant to the previous announcement made on 23 September 2016, the Board of Directors ("**Board**" or "**Directors**") of AnnAik Limited (the "**Company**" together with its subsidiaries, the "**Group**") wishes to announce that its 60% owned subsidiary, ChangXing HengYi Wastewater Treatment Co., Ltd (the "**HengYi**") has entered into a built-operate transfer ("**BOT**") project on 15 November 2016 with the municipal government of LiJiaXiang (the "**LJX Government**") to which HengYi has been awarded service concession rights to construct and operate a wastewater treatment plant (the "**Plant**") in LiJiaXiang Town, the People's Republic of China (the "**Project**").

The total designed daily waste water treatment capacity of the Plant is 10,000 MT of wastewater per day (the "**Plant's Capacity**"). The LJX Government guarantees the sale of treated water as follows: 50% of the Plant's Capacity for the first two years of operation, 60% of the Plant's Capacity in the third year and 80% of the Plant's Capacity from the fourth year onwards. The contracted unit price is RMB1.50 per MT of treated water, and will be adjusted accordingly to the national pricing for the treatment of waste water. Accordingly, the LJX Government will compensate for any shortfall from the guarantee amounts.

The concession rights available to HengYi under the Agreement shall continue to subsist for a period of 30 years from the commencement of commercial operation of the Plant. The construction of the Plant is expected to be completed by end 2017.

The total investment for the Project is estimated to be RMB10 million.

The Group's investment in the Project will be funded by internal resources and bank borrowings, and is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2016.

None of the Directors, substantial shareholders or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholding in the Company) in the Project and the Agreement.

The Company will make the necessary announcements when there are further developments on the Project and other matters contemplated by this announcement. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Ng Kim Keang
Executive Director
15 Nov 2016

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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