

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

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 AngWei Environmental & Ecological Engineering Co., Ltd* (长兴昂为环境生态工程有限公司) (the "**Angwei**") has entered into an extension investment framework agreement (the "**Agreement**") on 28 September 2018 with the municipal government of ChangXing* (长兴县人民政府画溪街道办事处) (the "**Government**") pursuant to which Angwei has been awarded additional service concession rights to construct and operate a wastewater treatment plant (the "**Plant**") in ChangXing Town, the People's Republic of China (the "**Project**").

Pursuant to the Agreement, the total designed daily waste water treatment capacity of the Plant will be increased from the existing 20,000MT capacity to 30,000MT capacity with Four categories of emission standards (四类排放标准). The Government guarantees the following schedule: based on the price of RMB1.80/MT, in the first 2 years of operation, the Plant shall treat at least 60% of its targeted total capacity and from the third year onwards, the Plant shall treat at least 80% of its targeted total capacity. In the event that Angwei is unable to treat the targeted capacity at the specified price due to less demand, in accordance to the schedule, the Government will provide a guarantee.

The concession rights available to Angwei under the Agreement shall continue to subsist for a period of 30 years from Jan 2015. The construction of the Plant is expected to be completed by end 2019.

The total investment for the Project is estimated to be up to RMB29 million, subject to relevant final approval for the Project.

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 2018.

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
1 October 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 ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and 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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