

ANNAIK LIMITED

(Company Registration: 197702066M)
(Incorporated in the Republic of Singapore)

ESTABLISHMENT OF SUBSIDIARY IN CHINA

- SHANGHAI ANGWEI ENVIRONMENTAL DEVELOPMENT CO., LTD.* (上海昂未环保发展有限公司)

The Board of Directors of AnnAik Limited (the “**Company**”, and together with its subsidiaries, “**Group**”) wishes to announce that its subsidiary, Shanghai Angwei Environmental Development Co., Ltd.* (上海昂未环保发展有限公司, the “**Angwei**”) has been established in Shanghai, China. On 14 July 2015, Angwei received its business license issued by the Shanghai Administration Bureau for Industry and Commerce dated 7 July 2015.

About Angwei

Angwei is an equity joint venture enterprise which was incorporated by the wholly-owned subsidiary of the Company, Anxon Envirotech Pte Ltd (“**Anxon**”), and Shanghai Xingyu Environmental Science and Technology Co., Ltd.* (上海兴禹环境科技有限公司) (“**Xingyu**”). The principal activity of Angwei is the treatment of rural water sewage. Angwei has been incorporated with a registered capital of RMB20 million pursuant to shareholding percentages as follows:

Shareholders	Shareholding Percentages
Anxon	51%
Xingyu	49%

Xingyu is an investment holding company incorporated by various individual shareholders in China. Dr Qiu Jiangping (邱江平), a shareholder of Xingyu, is a well-regarded expert in the field of rural water sewage treatment and a co-owner of certain proprietary intellectual property (“**IPR**”) which will be used by Angwei in undertaking its principal activity.

Contractual Arrangements in connection with Angwei

In connection with the establishment of Angwei, Anxon and Xingyu entered into an equity joint venture agreement which regulates their respective rights and obligations in relation to Angwei.

Further, the Group entered into a technology licencing agreement with Dr Qiu Jiangping and Mdm Kuai Linping (蒯琳萍) (the “**Co-owners**”) (the “**TLA**”), the co-owners of the IPR, whereby the Co-owners agreed to grant to the Group an exclusive and global licence with the right to utilise the IPR for the business of the Group for a term ending 30 March 2026, being the expiry date of the term of IPR. The consideration to use the IPR is payable by the Company to Dr Qiu Jiangping annually computed referenced to the profit of Angwei.

In connection with the operations of Angwei, the Company extended Dr Qiu Jiangping a loan, and the Company will appoint Dr Qiu Jiangping as its Group President –Environmental Business (China). The Company intends to set-off repayment of the loan (together with interest) against the consideration payable to Dr Qiu Jiangping in relation to the TLA.

Financial Impact

Angwei is in the process of negotiating various contracts. In the premises, the Company is not able to comment on the impact, if any, 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 2015 by the transactions described in this announcement.

The Company will make periodic announcements on material development in relation to Angwei.

Directors' and Substantial Shareholders' Interest

None of the directors, and as far as the Company is aware, none of the substantial shareholders of the Company has any interest, direct or indirect, in the transactions described in this announcement, other than their shareholdings (if any) in the Company.

By Order of the Board

Ng Kim Keang

Director

23 July 2015

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