

ANNAIK LIMITED

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

SIGNING OF NON-BINDING STRATEGIC COLLABORATION MEMORANDUM BETWEEN ANNAIK LIMITED AND ZHEJIANG FUCHUN ZIGUANG ENVIRONMENTAL CO., LTD* (浙江富春紫光环保股份有限公司) TO DEVELOP BUSINESS BETWEEN THE PARTIES IN RELATION TO WATER TREATMENT AND ENVIRONMENTAL PROTECTION INDUSTRY IN ZHEJIANG PROVINCE, PRC

1. INTRODUCTION

The Board of Directors (the "**Board**") of AnnAik Limited (the "**Company**" and together with its subsidiaries and associated companies, the "**Group**") is pleased to announce that the Company has on 21 August 2018 entered into a non-binding strategic collaboration memorandum (the "**Memorandum**") with Zhejiang Fuchun Ziguang Environmental Co., Ltd. ("**Fuchun Ziguang**"), an independent unrelated third party for the purposes of establishing a business collaboration and overall strategic partnership between the Company and Fuchun Ziguang in relation to the water treatment and environmental protection industry in Zhejiang Province, PRC.

The Memorandum was executed at the Singapore Zhejiang Economic and Trade Cooperation (SZETC) Industry-Public Sector Roundtable Discussion held in Singapore on 21 August 2018.

2. INFORMATION ON FUCHUN ZIGUANG

Fuchun Ziguang offers professional water services and environmental protection services and operates as a subsidiary of Hangzhou Iron & Steel Group* (杭钢集团). Fuchun Ziguang is mainly engaged in the investment, construction and operation of environmental water projects such as urban water supply, municipal and industrial sewage treatment and water pollution control projects, and is the largest environmental water service enterprise in Zhejiang Province. With a strong investment and financing ability, considerable project operation experience, a professional technical management team and comprehensive industry certification, Fuchun Ziguang is highly competitive in the PRC and exerts great influence in the Chinese water industry. It also has a complete and extensive marketing network in Zhejiang Province as well as strong market development capabilities. Fuchun Ziguang has received key support from the Department of Environmental Protection of Zhejiang Province as a sustainable and large-scale state-owned environmental protection company. By virtue of its substantial social resources and market reputation, Fuchun Ziguang has a very strong market presence in Zhejiang Province and also various other parts of the PRC.

Fuchun Ziguang has also been appointed by the Environmental Protection Department of Zhejiang Province to take charge of the reconstruction, custody and

maintenance of the rural decentralized wastewater treatment systems in Zhejiang Province.

3. INFORMATION REGARDING THE MEMORANDUM

The Memorandum sets out the intended collaboration between the Company and Fuchun Ziguang for the purposes of promoting the transformation and upgrading of Zhejiang Province's environmental protection industry in line with the PRC's "13th Five-Year Plan" (the "**Collaboration**"). The Company and Fuchun Ziguang have agreed to carry out a comprehensive, in-depth and long-term strategic cooperation with each other by resource sharing and capitalizing on their respective comparative advantages to the mutual benefit of both parties.

The Collaboration include (without limitation) the following aspects:-

- (i) the Company (through its subsidiary, Pioneer Environmental Technology Pte Ltd) to provide consulting services to Fuchun Ziguang in respect of desalination of seawater, reuse of recycled water, and recycling of heavy metal wastewater;
- (ii) the Company (through its associate, Shanghai Onway Environmental Development Co., Ltd) to provide project-related technical support services in respect of the rural wastewater treatment projects invested by Fuchun Ziguang;
- (iii) the Company (through its associate, Shanghai Onway Environmental Development Co., Ltd & its subsidiary, Angwei Environmental Ecological & Engineering (Shanghai) Co., Ltd) to co-operate with Fuchun Ziguang to invest in rural decentralized operation and maintenance projects as well as industrial and urban centralized sewage treatment projects;
- (iv) the Company and Fuchun Ziguang to jointly establish a rural decentralized water treatment technology research center in Zhejiang Province to jointly develop and improve rural decentralized wastewater treatment technologies and equipment with risks and rewards to be shared by both parties; and
- (v) the Company and Fuchun Ziguang to engage in talent training to improve the technical skills and performance of their respective personnel,

on such terms and conditions to be negotiated and agreed between the parties in future memorandum.

4. RATIONALE FOR ENTERING INTO THE MEMORANDUM

The Company aims to create a sustainable successful business model by tapping on Fuchun Ziguang wide business networks and influential market leader position in water and wastewater industry in Zhejiang Province and capitalizing on our established operating and investing track records in the related industry and deployment of our proprietary technology in rural wastewater treatment to better serve the Zhejiang government and people.

5. FURTHER ANNOUNCEMENT(S)

The Company will make such further announcement(s) to keep shareholders informed, as and when there are material updates or developments in connection with the Memorandum or the Collaboration.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders have any direct or indirect interests in the Collaboration, other than through each of their respective shareholding interest, direct and/or indirect, in the Company (if any).

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading the shares of the Company as there is no certainty or assurance as at the date of this announcement that any business activities or transactions mentioned in this announcement will materialize or any definitive memorandum(s) will be entered into pursuant to the Collaboration.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Ng Kim Keang
Executive Director
21 August 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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