

15 September 2017

Australian Securities Exchange
Company Announcements Office
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Suspension of shares - Update

Subsequent to release of the Company's audited annual financial report for the year ended 30 June 2017, on 30 August 2017 the Australian Securities Exchange (ASX) suspended the Company's shares from official quotation, pending the Company demonstrating compliance with listing rule 12.2*¹ regarding financial condition.

The Company received a query letter from ASX Compliance on 4 September asking a series of questions relating to the XEPT Transaction*² and the Company's financial affairs, including sources of funding.

The Company responded to all questions on 8 September using information which has previously been disclosed to the market. The main points of our response are:

- 1) AnaeCo fully appreciates that its financial condition is heavily dependent on the outcome of the XEPT Transaction. The parties continue to work towards completion by the extended due date of 30 September 2017. In the absence of evidence to the contrary we consider it reasonable and appropriate to present the annual financial statements for 2017 on the basis that we expect the transaction to proceed, subject to completion of the remaining steps being:
 - XEPT satisfying regulatory requirements under MOFCOM's (Ministry of Commerce of the People's Republic of China) Administrative Measures for Overseas Investment (2014) and NDRC's (National Development and Reform Commission of the People's Republic of China) Administrative Measures for Verification and Registration on Overseas Projects; and
 - the parties proceeding to settlement.
- 2) Whilst the Tripartite Deed of Sale and Cooperation remains current AnaeCo's funding requirements will be met through the Monadelphous Group Limited (MND) loan facility.
- 3) Pursuant to the terms of the Tripartite Deed of Sale and Cooperation, at completion all indebtedness to MND will either be converted to equity or forgiven, resulting in AnaeCo being debt free with free cash on hand of \$3.7 million.
- 4) We have no evidence that either MND as Seller, or XEPT as Buyer, does not intend to complete the transaction.



ASX decision

ASX has decided that the Company's shares should remain suspended from official quotation until we provide:

1. Confirmation of settlement of the XEPT Transaction; and
2. A pro forma financial statement evidencing the Company's financial condition upon completion of the XEPT Transaction, demonstrating compliance with Listing Rule 12.2 (financial condition).

Upon receipt of this information ASX will assess whether to reinstate the Company's shares for official quotation.

AnaeCo comment

The assessment as to whether the Company's financial condition will be adequate, is for ASX to make. However, the board of AnaeCo considers that the outcome of settling the XEPT transaction, and particularly the elimination of interest bearing debt and replenishment of working capital as noted in point 3 above, should be a reasonable demonstration of suitable financial condition.

*¹ ASX Listing Rule 12.2 says, "An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing."

*² "XEPT Transaction" means the purchase by Xiaoqing Environmental Protection Technology Co Ltd (XEPT) of the major portion of a loan owed by AnaeCo to Monadelphous Group Limited and the conversion of that loan, and the residual loan owed to Monadelphous, into equity, as is more fully described in the Notice of General Meeting of AnaeCo shareholders dated 15 September 2016. The transaction agreement is the Tripartite Deed of Sale and Cooperation dated 4 August 2016.

ENDS

For further information, please contact:

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