

ANNAIK LIMITED

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

QUALIFIED OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Pursuant to Rule 704(4) of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX -ST"), the Board of Directors ("Board") of AnnAik Limited (the "Company" together with its subsidiaries, the "Group") wishes to announce that the independent auditors of the Group, Messrs Ernst & Young LLP, has issued a qualified opinion in the independent auditors' report in respect of the Group's audited financial statements for the financial year ended 31 December 2018 ("Independent Auditor's Report").

An extract of the nature and contents of the qualification is contained in the Independent Auditor's Report annexed to this announcement.

The Independent Auditor's Report will be part of the annual report of the Group for the financial year ended 31 December 2018 ("Annual Report FY2018"), which will be despatched to shareholders in due course. Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Annual Report FY2018 (to be despatched) in their entirety.

BY ORDER OF THE BOARD

Ng Kim Keang
Executive Director
29 March 2019

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.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone: +65 6415-9886.

Extract on the Report on the Audit of the Financial Statements

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section in our report, the consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

Insufficient appropriate audit evidence for the audit of the Group's associate

The Group's share of results of Shanghai Onway Development Co Ltd, an associated company, amounted to \$1,545,000 for the year ended 31 December 2018 were recognised based on the unaudited financial statements of the associated company. The carrying value of the associated company as at 31 December 2018 amounted to \$9,980,000.

We were unable to determine the appropriateness of the share of profits recognised for the year and the carrying value of the associated company as at 31 December 2018 as we were unable to obtain the necessary information and explanations from the auditors of the associated company to determine the appropriateness and reliability of the financial statements used to compute the share of the results for the year. We were also unable to perform alternative procedures to obtain information and explanations we considered necessary. Consequently, we are not able to ascertain if any adjustments to the share of profits recognised for the year and the carrying value of the associated company as at 31 December 2018 are necessary. Our audit opinion for the previous financial year was qualified due to the same reason.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.