

# ANNAIK LIMITED

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

## ANNOUNCEMENT

### SALE OF SHARES IN SHINSEI COMPANY (S) PTE. LTD. AND BOTH-WELL HOLDINGS (S) PTE. LTD.

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of AnnAik Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to its announcement made on 2 December 2014 (the "**Announcement**"). Capitalised terms not defined herein shall bear the same meanings ascribed to them in the Announcement.
- 1.2 Further to the Announcement, the Board wishes to announce that it had on 2 December 2014 submitted an application to the SGX-ST to seek a waiver from compliance with the requirement to seek shareholders' approval for the Proposed Disposals, as the assets to be disposed of are loss-making (the "**Waiver**").
- 1.3 The SGX-ST has, on 9 February 2015, by way of a letter, informed that it has no objection to the Company's application for the Waiver, subject to the following:-
- (a) the Company announcing that the Waiver has been granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and
  - (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

#### 2. REASONS FOR SEEKING THE WAIVER

The reasons for the Company's application for the Waiver are as follows:-

- 2.1 Shinsei Singapore and Both-Well Singapore contributed a combined net loss of approximately S\$400,000 to the Group based on the Company's 19% shareholding interest in each of Shinsei Singapore and Both-Well Singapore, which otherwise the Group would have a profit of approximately S\$1,338,000 for the 6-month period ended 30 June 2014. Shinsei Singapore has generally been in a loss-making position since incorporation, recording further losses for the 6-month period ended 30 June 2014. The recent financial results of Both-Well Singapore have also been adversely affected by the rising cost of production in the People's Republic of China ("**PRC**") where the company carries on manufacturing of high pressure steel forged fittings, thus leading to a much lower and more uncertain profit margin to be contributed to the Group. The Group has been making many attempts to remedy the loss-making position of Shinsei Singapore and the low profit margin position of Both-Well Singapore for shareholders' benefit, including by undertaking the First Disposals which were approved by the shareholders of the Company by an extraordinary general meeting held on 30 December 2013 and which completed on 31 December 2013. The Group is desirous of no longer holding such loss-making assets in its balance sheet and to increase the predictability of cash flows, which are effects anticipated after the Proposed Disposals, to protect shareholders' interests.

2.2 Further, the Proposed Disposals will not affect the general operations of the Group and will also not result in a material change to the nature of the Group's business. As part of the Group's strategy of moving away from its loss-making investments in Shinsei Singapore and Both-Well Singapore and generally from investments in the PRC where production costs have been rising, the Group has through its 92% subsidiary Shinsei Industry Sdn. Bhd. (formerly known as Shinseisuperinox Industry Sdn. Bhd.) recently completed construction of a flanges manufacturing production plant, warehousing and ancillary facilities in Penang, Malaysia which has been in commercial production since 1 October 2014 (the "**Malaysian Investment**"). The Company believes that it is prudent for it to be concentrating its resources, including part of the proceeds from the Proposed Disposals, in such new opportunities with good growth and profit potential. This rationale behind the Group's decisions with regards to Shinsei Singapore and Both-Well Singapore has previously been detailed in the Circular in relation to the First Disposals, and we also refer to the announcements of the Company dated 12 September 2013 and 8 November 2013 in relation to the Malaysian Investment.

### **3. WAIVER FROM EGM**

As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Disposals and accordingly, will not be dispatching a circular to shareholders in relation thereto.

### **4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or the substantial shareholders of the Company has any direct or indirect interest in the Proposed Disposals (other than their shareholdings in the Company).

### **BY ORDER OF THE BOARD**

Ng Kim Keang  
Finance Director  
9 February 2015