

## APPENDIX DATED 13 APRIL 2022

### THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to the shareholders (the “**Shareholders**”) of AnnAik Limited (the “**Company**”) together with the Company’s Annual Report 2021 (as defined herein). The purpose of this Appendix is to explain to the Shareholders the rationale and to provide information pertaining to the proposed change of auditors, and to seek Shareholders’ approval of the same at the Annual General Meeting to be held by way of electronic means on 29 April 2022 at 10.00 a.m..

The Notice of AGM (as defined herein) and the Proxy Form are enclosed with the Annual Report 2021.

**If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2021 (including the Notice of AGM (as defined herein), and the accompanying Proxy Form) and this Appendix to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Hong Leong Finance Limited (the “**Sponsor**”). The Appendix has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Appendix including the correctness of any of the information, statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.



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

## APPENDIX TO THE ANNUAL REPORT 2021 IN RELATION TO THE PROPOSED CHANGE OF AUDITORS

## DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

<b>“Act” or “Companies Act”</b>	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
<b>“AGM”</b>	:	The annual general meeting of the Company to be held on Friday, 29 April 2022
<b>“Annual Report 2021”</b>	:	The annual report of the Company for the financial year ended 31 December 2021
<b>“Articles”</b>	:	The existing Articles of Association of the Company
<b>“Audit Committee”</b>	:	The Audit Committee of the Company comprising of Mr. Lim Geok Peng (Chairman), Ms. Tan Poh Hong and Mr. Gan Thiam Poh
<b>“Auditors”</b>	:	The auditors of the Company as appointed from time to time
<b>“Board”</b>	:	The Board of Directors of the Company
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	Section B: Rules of the Catalist of the Listing Manual of the SGX-ST, as amended or modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company” or “AnnAik”</b>	:	AnnAik Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended or modified from time to time
<b>“Directors”</b>	:	The Directors of the Company as at the date of this Appendix
<b>“EY”</b>	:	Messrs Ernst & Young LLP
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as amended, or modified from time to time
<b>“Proposed Change of Auditors”</b>	:	The proposed change of auditors of the Company from EY to UHY
<b>“Proxy Form”</b>	:	The proxy form in respect of the AGM as set out in the Annual Report
<b>“Resolution”</b>	:	The ordinary resolution relating to the Proposed Change of Auditors as set out in the Notice of AGM
<b>“Securities and Futures Act” or “SFA”</b>	:	The Securities and Futures Act 2001 of Singapore, as amended or modified or supplemented from time to time

<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	The Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose securities accounts with CDP are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“UHY”</b>	:	UHY Lee Seng Chan & Co

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Appendix refer to the Group.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Securities and Futures Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Securities and Futures Act or the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Certain statements contained in this Appendix, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Appendix, undue reliance must not be placed on those statements. The Company does not represent or warrant that the Group’s actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility and undertakes no obligation to update or revise any forward-looking statements contained in this Appendix to reflect any change in the Group’s expectations with respect to such statements after the date of this Appendix or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

# **ANNAIK LIMITED**

(Incorporated in the Republic of Singapore on 24 September 1977)  
(Company Registration No. 197702066M)

## **LETTER TO SHAREHOLDERS**

### **Directors:**

Mr. Ow Chin Seng – Executive Chairman cum Chief Executive Officer  
Mr. Ow Eei Phurn Benedict – Executive Director cum Sales Director  
Mr. Ng Kim Keang – Executive Director cum Chief Operating Officer  
Mr. Lim Geok Peng – Lead Independent Director  
Ms. Tan Poh Hong – Independent Director  
Mr. Gan Thiam Poh – Independent Director

### **Registered Office:**

52 Tuas Avenue 9  
Singapore 639193

**13 April 2022**

To: The Shareholders of AnnAik Limited

## **THE PROPOSED CHANGE OF AUDITORS**

### **1. INTRODUCTION**

The Directors of the Company propose to seek the approval of the Shareholders for the Proposed Change of Auditors at the Annual General Meeting (“**AGM**”) to be held on Friday, 29 April 2022.

The purpose of this Appendix is to provide the Shareholders with information relating to the Proposed Change of Auditors to be tabled at the AGM. The notice of AGM is set out on pages 127 to 133 of the Annual Report.

The SGX-ST assumes no responsibility for the correctness of any statements or opinions made in this Appendix.

### **2. THE PROPOSED CHANGE OF AUDITORS**

#### **2.1 Background and rationale for the Proposed Change of Auditors**

The Company’s current auditors, Messrs Ernst & Young LLP, have been auditors of the Group since 27 April 2012. As part of good corporate governance initiatives and the Group’s ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Company has then sought fee quotes from other audit firms.

The Company has received the notice of nomination from Ow Chin Seng dated 17 March 2022 on the appointment of UHY in place of the retiring Auditors, EY.

#### **2.2 Information on UHY and the audit engagement partner**

The information on UHY and the audit engagement partner provided below was provided to the Company by UHY and its representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

Messrs UHY Lee Seng Chan & Co, the proposed Auditors, was established in 1967 and is a firm of Chartered Accountants in Singapore registered with ACRA and approved under the Accountants Act. It is one of the top 14 audit firms in Singapore<sup>1</sup> and has about 120 strong partners and professional staff who are skilled and experienced. Messrs UHY Lee Seng Chan & Co has grown over the past five (5) decades to become a leading Chartered Accountant firm offering diversified business advisory services in the region. To meet the client's increasing needs in advisory services in the region, Messrs UHY Lee Seng Chan & Co has extended their reach beyond Singapore, Johor Bahru and Kuala Lumpur. To date, Messrs UHY Lee Seng Chan & Co has more than 600 Singapore clients in various industries. Out of its 600 plus clients, two (2) are listed in Bursa Malaysia, three (3) on the Catalist of Singapore Exchange Securities Trading Limited (SGX-ST) and one (1) listed in NASDAQ. Of these 6 listed clients, three (3) have operations and presence in the People's Republic of China.

As an independent member firm of UHY International, an international network of accounting and consulting firms, Messrs UHY Lee Seng Chan & Co is well connected to nearly over 330 major business centres in more than 100 countries worldwide bound together by a commitment to share their clients' aspirations and delivering customised, innovative and practical solutions to help their clients make the right business decisions and to provide a range of commercially focused services and professional advices for clients with international business interests. For more information about Messrs UHY Lee Seng Chan & Co, please visit its website at <http://www.uhylsc.com.sg/>. Apart from one (1) independent quality control review partner, the engagement team assigned by Messrs UHY Lee Seng Chan & Co to the Company comprises two (2) audit partners, three (3) audit managers and five (5) audit professionals.

UHY International which was established in 1986 and based in London, is a member of the Forum of Firms, an association of international networks of accounting firms. The Forum's goal is to promote consistent and high-quality standards of cross-border financial reporting and auditing practices worldwide, and the adoption of international auditing standards. For additional information on the Forum of Firms, please visit <https://www.ifac.org/who-we-are/committees/transnational-auditors-committee-forum-firms>.

UHY International is currently ranked 18th among the largest international audit, accounting, tax and consultancy networks by fee income (source: International Accounting Bulletin, March 2021). As at March 2020, it has over 8,578 strong partners and professional staff who are skilled and experienced in 329 major business centres across 100 countries. For details, please visit <https://www.uhy.com/about-us/about-uhy/>.

The audit partner-in-charge from Messrs UHY Lee Seng Chan & Co will be Mr Lee Sen Choon, who is a Chartered Accountant (Singapore) with Certificate for Practice with ISCA, a Public Accountant registered with ACRA and a Fellow Member with the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Internal Auditors (IIA).

Mr Lee is currently the partner-in-charge of various listed clients. He also sits on the Boards of listed companies as Independent Director as well as Audit Committee Chairman providing financial and business advice.

Mr Lee has more than 40 years of professional and global experience, blending a mixture of internal and external audit, accounting controllership, taxation, reorganisation, share and

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<sup>1</sup> According to the Singapore Business Review published in October 2019.

business evaluations for acquisition and corporate reconstruction, due diligence reviews, initial public offering listing and risk management from a spectrum of industries, across countries.

Mr Lee is currently the Managing Partner of UHY Lee Seng Chan & Co and Director of LSC Management Consultants Pte Ltd.

Mr Lee has serviced the clients in a diverse range of industries including construction and property development companies, trading and retailing, manufacturing, oil palm and fruit plantations, transport and freight forwarding, agriculture, hotels and restaurants, shipbuilding and repairing, laboratories and pests control, fishing companies, travel and tour agents, jewelry and plastic manufacturing, construction, advertising and media, estate and auctioneers.

For the past 12 months, Mr Lee has not been subject to a Practice Monitoring Programme Review (“PMP Review”) carried out by ACRA and, accordingly, has had no feedback from ACRA. In 2012 and 2015, ACRA had carried out PMP Reviews on Mr Lee and he had passed both reviews.

The Directors have determined, following a review of the credentials, services and fee proposals from few audit firms in consultation with the Audit Committee, having taken into consideration various factors, including but not limited to the opinion and recommendation of the Audit Committee, and the requirements of Catalist Rules 712, 715 and 716 and the fee structure, the adequacy of the resources and the experience of UHY, the number and experience of the supervisory and professional staff to be assigned to the audit of the financial statements of the Group and the size and complexity of the Group’s operations, are of the opinion that UHY will be able to meet the audit requirements of the Company and that Rule 712 of the Listing Manual has been complied with.

The Directors have obtained the written consent from UHY on 4 April 2022 to act as Auditors in place of EY for the financial year ending 2022, subject to the approval of the Shareholders at the AGM.

In compliance with Catalist Rules 712(3) and 715, the Company confirms that:

- (i) There were no disagreements with EY on accounting treatments within the last twelve (12) months;
- (ii) EY has confirmed by way of a letter dated 1 April 2022 that they are not aware of any professional reasons why UHY, being the successor Auditors, should not accept appointment as Auditors;
- (iii) The Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders of the Company;
- (iv) The reason for the Proposed Change of Auditors is to realise cost efficiencies for the Group. Having considered the level of service that UHY have agreed to offer and that the audit fee proposed by them is lower than that proposed by EY for the financial year ending 31 December 2022 for similar level of service, the Directors are of the opinion that the change of auditors to UHY is in the best interest of the Company. Lee Sen Choon, a partner in UHY would be the audit partner; and
- (v) The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the appointment of UHY as its new auditors.

Upon obtaining Shareholders' approval of the Proposed Change of Auditors, UHY will be appointed as the statutory auditors of the Company's subsidiaries incorporated in Singapore whilst UHY in Penang will be appointed as the statutory auditors of the Company's subsidiary incorporated in Malaysia.

The Company's subsidiaries incorporated in the People's Republic of China ("PRC") will be audited by Zhonghua Certified Public Accountants LLP, an independent member firm of UHY International in the PRC for the purpose of expressing an opinion on the consolidated financial statements of the Group.

### 3. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 3.1 Interests of Directors

The interests of the Directors in the Shares, based on information as recorded in the Register of Directors' Shareholdings of the Company maintained pursuant to Section 164 of the Companies Act, as at the Latest Practicable Date, are as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ow Chin Seng	94,739,197	32.99	15,361,555	5.35	110,100,752	38.34
Ow Eei Phurn, Benedict <sup>(1)</sup>	655,000	0.23	497,750	0.17	1,152,750	0.40
Ng Kim Keang	8,277,000	2.88	–	–	8,277,000	2.88
Gan Thiam Poh	–	–	–	–	–	–
Lim Geok Peng	–	–	–	–	–	–
Tan Poh Hong	–	–	–	–	–	–

**Note:**

(1) Mr. Ow Eei Phurn, Benedict is the son of Mr. Ow Chin Seng.

#### 3.2 Interests of Substantial Shareholders of the Company

The interests of the Substantial Shareholders of the Company in the Shares (excluding Directors), based on information as recorded in the Register of Substantial Shareholders of the Company maintained pursuant to Section 88 of the Companies Act, as at the Latest Practicable Date, are as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Low Kheng <sup>(1)</sup>	15,361,555	5.35	94,739,197	32.99	110,100,752	38.34
Low Sim Yam <sup>(2)</sup>	11,815,950	4.11	6,516,900	2.27	18,332,850	6.38
Lian Lay Kheng <sup>(2)</sup>	6,516,900	2.27	11,815,950	4.11	18,332,850	6.38

**Notes:**

(1) Mdm. Low Kheng is deemed to be interested in all the Shares held by Mr. Ow Chin Seng by virtue of Section 7 of the Companies Act.

(2) Mr. Low Sim Yam and Mdm. Lian Lay Kheng are husband and wife.



**3.3** Save as disclosed above, none of the Directors and/or Substantial Shareholders have any interests, direct or indirect, in the Proposed Change of Auditors other than through their respective shareholdings in the Company.

#### **4. AUDIT COMMITTEE'S RECOMMENDATION**

The Audit Committee recommends the appointment of UHY as the auditors of the Company in place of EY, after taking into account, among other things, the suitability and independence of UHY to meet the audit requirements of the Group, the various factors set out in Section 2 of this Circular and compliance with the requirements of the Catalist Rules.

UHY is currently the internal auditor of the Company, however, UHY will cease as the internal auditor upon appointment as the external auditor of the Company. The AC is of the view that UHY will remain independent, as UHY's internal audit team will be different from the external audit team, with no non-audit services being provided. Also, the internal audit fees charged since 2004 were not material to the Company.

#### **5. DIRECTORS' RECOMMENDATION**

Having fully considered the rationale, suitability, independence and benefits of the Proposed Change of Auditors and also having taken into account the Audit Committee's recommendation that UHY will be able to meet the existing needs and audit requirements of the Group, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution to be proposed at the AGM to be held on Friday, 29 April 2022.

#### **6. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

#### **7. ANNUAL GENERAL MEETING**

The AGM, notice of which is set out on pages 127 to 133 of the Annual Report, will be held by way of electronic means on Friday, 29 April 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, the Ordinary Resolution set out in the Notice of AGM.

#### **8. ACTION TO BE TAKEN BY SHAREHOLDERS**

##### **8.1 Appointment of Proxies**

A Shareholder who is unable to attend the forthcoming AGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the Proxy Form attached to this Appendix in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 52 Tuas Avenue 9,



Singapore 639193 by mail or email to [kknng@annaik.com](mailto:kknng@annaik.com) and [cheeseng@annaik.com](mailto:cheeseng@annaik.com) not less than 72 hours before the time fixed for the forthcoming AGM. Any incomplete proxy forms will be rejected by the Company.

## 8.2 When Depositor Regarded as Shareholder

The instrument appointing the Chairman of the Meeting as the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument. Any incomplete proxy forms will be rejected by the Company.

## 9. WRITTEN CONSENTS FROM UHY LEE SENG CHAN & CO. AND ERNST & YOUNG LLP

Messrs UHY Lee Seng Chan & Co. and Messrs Ernst & Young LLP have given and have not withdrawn their written consents to the issuance of this Appendix to the Notice of the Annual General Meeting in relation to the Proposed Change of Auditors with the inclusion of their names and references thereto in the forms and contexts in which they respectively appear in this Appendix.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 52 Tuas Avenue 9, Singapore 639193 during business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the latest Annual Report 2021;
- (c) Messrs Ernst & Young LLP's professional clearance letter to Messrs UHY Lee Seng Chan & Co.;
- (d) the letter of consent to act as Auditors from Messrs UHY Lee Seng Chan & Co.;
- (e) the resignation letter from Ernst & Young LLP.

Yours faithfully

For and on behalf of the Board of Directors of  
**ANNAIK LIMITED**

**Ow Chin Seng**

Executive Chairman cum Chief Executive Officer  
13 April 2022

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