

## **ANNAIK LIMITED**

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

### **AMENDMENT OF**

- (1) **SALE AND PURCHASE AGREEMENT DATED 5 SEPTEMBER 2013 BETWEEN SHINSEI COMPANY (S) PTE. LTD. AND ANNAIK LIMITED ("SHINSEI AGREEMENT")**
  - (2) **SALE AND PURCHASE AGREEMENT DATED 5 SEPTEMBER 2013 BETWEEN BOTH-WELL HOLDINGS (S) PTE. LTD. AND ANNAIK LIMITED ("BOTH-WELL AGREEMENT")**
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#### **1. INTRODUCTION**

- 1.1 The Board of Directors of AnnAik Limited had on 30 December 2013 held an extraordinary general meeting (the "**EGM**") to seek the approval of Shareholders for the Proposed Disposals, and the Shareholders had duly approved the resolution for the Proposed Disposals with modifications at the EGM.
- 1.2 Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the circular dated 13 December 2013 issued by the Company to Shareholders in relation to the Proposed Disposals (the "**Circular**").

#### **2. SIGNING OF THE SHINSEI SUPPLEMENTAL LETTER AND THE BOTH-WELL SUPPLEMENTAL LETTER**

- 2.1 The Board wishes to announce that the Company has today entered into:-
  - 2.1.1 a supplemental letter with the Shinsei Buyers dated 28 February 2014 (the "**Shinsei Supplemental Letter**"); and
  - 2.1.2 a supplemental letter with the Both-Well Buyers dated 28 February 2014 (the "**Both-Well Supplemental Letter**"),to amend certain post-Completion undertakings given by the Shinsei Buyers and Both-Well Buyers under the Shinsei Agreement and Both-Well Agreement respectively.
- 2.2 The Shinsei Supplemental Letter shall be read and construed as one with the Shinsei Agreement. The Both-Well Supplemental Letter shall be read and construed as one with the Both-Well Agreement.

#### **3. AMENDMENTS TO THE SHINSEI AGREEMENT AND BOTH-WELL AGREEMENT**

##### **3.1 Amendments to the Shinsei Agreement**

- 3.1.1 The Shinsei Buyers shall no longer undertake to procure that Shinsei Taizhou and Both-Well Taizhou shall merge to produce forged flanges and high pressure forged fittings under the "Both-Well" brand within six (6) months of Completion.

Instead, the Shinsei Buyers jointly and severally undertake to procure that (i) Shinsei Singapore and Shinsei Taizhou shall change their names to "Both-Well Company (S) Pte Ltd" and "Both-Well Taizhou Steel Flanges Co., Ltd" respectively, within 6 months after the Completion; (ii) Both-Well Company (S) Pte Ltd and Both-Well Taizhou Steel Flanges Co., Ltd shall only produce high pressure forged fittings and forged flanges under the "Both-Well" brand; and that (iii) each entity controlled directly or indirectly by the Shinsei Buyers, including but not limited to Both-Well Company (S) Pte Ltd, Both-Well Taizhou Steel Flanges Co., Ltd and Both-Well Steel Fittings Co., Ltd, shall not use the "Shinsei" Brand for the carrying on of the production of steel flanges business and any other related businesses.

- 3.1.2 Save as expressly supplemented and varied by the Shinsei Supplemental Letter, the terms and conditions of the Shinsei Agreement shall remain unchanged and continue in full force and effect and be binding on the parties.

### **3.2 Amendments to the Both-Well Agreement**

- 3.2.1 The Both-Well Buyers shall no longer undertake to procure that Shinsei Taizhou and Both-Well Taizhou shall merge to produce forged flanges and high pressure forged fittings under the "Both-Well" brand within six (6) months of Completion.

Instead, the Both-Well Buyers jointly and severally undertake to procure that (i) Shinsei Singapore and Shinsei Taizhou shall change their names to "Both-Well Company (S) Pte Ltd" and "Both-Well Taizhou Steel Flanges Co., Ltd" respectively, within 6 months after the Completion; (ii) Both-Well Company (S) Pte Ltd and Both-Well Taizhou Steel Flanges Co., Ltd shall only produce high pressure forged fittings and forged flanges under the "Both-Well" brand; and that (iii) the Both-Well Buyers and each entity controlled directly or indirectly by the Both-Well Buyers, including but not limited to Both-Well Taizhou Steel Fittings Co., Ltd, Both-Well Company (S) Pte Ltd, Both-Well Taizhou Steel Flanges Co., Ltd and Both-Well Steel Fittings Co., Ltd shall not use the "Shinsei" Brand for the carrying on of the production of steel flanges business and any other related businesses.

- 3.2.2 Save as expressly supplemented and varied by the Both-Well Supplemental Letter, the terms and conditions of the Both-Well Agreement shall remain unchanged and continue in full force and effect and be binding on the parties.

## **4. RATIONALE**

- 4.1 The merger of Shinsei Taizhou and Both-Well Taizhou (the "**Merger**") involves transfers of land, building, and other assets and liabilities from Shinsei Taizhou to Both-Well Taizhou, which process will be subjected to an approvals process under laws of the People's Republic of China (the "**PRC**"), which is a more complicated and time-consuming process than expected.

Further, the costs incurred to carry out the Merger, including but not limited to the taxes and duties imposed on the transfers of land and buildings, are to be very substantial. This is likely to outweigh any savings in operating costs, as previously anticipated.

The amendments set out in the Shinsei Supplemental Letter and the Both-Well Supplemental Letter were proposed by the Shinsei Buyers and Both-Well Buyers respectively after Completion of the Proposed Disposals had taken place.

- 4.2 Further to costs savings, the Company's intentions when agreeing to the Merger was to protect its rights, interests and benefits to the Shinsei brand name. Such interests will similarly be protected under the new terms set out in the Shinsei Supplemental Letter and the Both-Well Supplemental Letter.

4.3 None of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Disposals, Shinsei Supplemental Letter or the Both-Well Supplemental Letter.

**5. DOCUMENTS FOR INSPECTION**

Copies of the Shinsei Supplemental Letter and the Both-Well Supplemental Letter are available for inspection at the registered office of the Company at 52 Tuas Avenue 9 Singapore 639193, during normal business hours for three (3) months from the date of this announcement.

**BY ORDER OF THE BOARD**

Ng Kim Keang  
Finance Director  
3 March 2014