



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

PROPOSED SCRIP DIVIDEND SCHEME AND PROPOSED ADOPTION OF THE NEW CONSTITUTION

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Annaik Limited (the “**Company**”) is pleased to announce a proposed scrip dividend scheme which will be named the Annaik Limited Scrip Dividend Scheme (the “**Proposed Scrip Dividend Scheme**”).

Subject to receipt of the requisite regulatory approvals for the implementation of the Proposed Scrip Dividend Scheme, the Company shall make the necessary application to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the new ordinary shares to be allotted and issued in connection with or where contemplated by the Proposed Scrip Dividend Scheme (the “**New Shares**”) in due course. An announcement on the outcome of the application will be made at the appropriate time.

Any approval-in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Scrip Dividend Scheme, the New Shares, the Company or its subsidiaries. The SGX-ST also accepts no responsibility for any statement contained herein.

Please note that the Proposed Scrip Dividend Scheme will not apply to the first and final one tier tax exempt dividend proposed by the Board on 27 February 2018, which is subject to Shareholders’ (as defined below) approval at the forthcoming annual general meeting.

The following definitions shall apply throughout this announcement, unless the context otherwise requires:

“**Books Closure Date**” means with respect to a Qualifying Dividend (as defined below), the date to be determined by the Directors on which the transfer books and register of members of the Company will be closed for the purpose of determining the entitlements of Shareholders to that Qualifying Dividend.

“**CDP**” means The Central Depository (Pte) Limited and the terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act (Chapter 50) of Singapore.

“**Circular**” means the circular dated 6 April 2018 issued by the Company

“**Constitution**” means the constitution of the Company, as amended or modified from time to time.

“**Depositor**” shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act

“**Dividend(s)**” means dividend(s) (including any interim, final, special or other dividend(s) or distribution) to be paid on the issued Shares (as defined below) as resolved or proposed by the Directors or by the Company in general meeting.

“Listing Manual” means the Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended or modified or supplemented from time to time.

“Market Day” means a day on which the SGX-ST is open for trading in securities.

“Overseas Members” means with respect to a Qualifying Dividend, Shareholders with registered mailing addresses outside Singapore and who have not provided to the Company or (as the case may be) CDP, not later than five (5) Market Days (as defined below) (or such other cut-off date as the Directors may determine) prior to the Books Closure Date for that Qualifying Dividend with addresses in Singapore for the service of notices and documents.

“Notice of Election” means a notice of election sent by the Company to a Shareholder in relation to Shares held by him.

“Shares” means ordinary shares in the capital of the Company.

“Shareholders” means persons registered in the register of members of the Company or, as the case maybe, the Depository Register as the holders of fully paid ordinary shares in the Company, and **“Shareholder”** means any one of them.

“Qualifying Dividend(s)” means Dividend(s) to which the Scrip Dividend Scheme applies, as determined by the Directors.

2. **RATIONALE AND PURPOSE OF THE SCRIP DIVIDEND SCHEME**

The Proposed Scrip Dividend Scheme, if and when adopted, will provide Shareholders with greater flexibility in meeting their investment objectives as it would give them the choice of receiving Dividends in the form of New Shares (credited as fully paid-up) and/or cash. This will also enable Shareholders to participate in the equity capital of the Company without having to incur costs such as brokerage fees, stamp duties and/or other related costs.

The Company will also benefit from the participation by Shareholders in the Proposed Scrip Dividend Scheme as, to the extent that Shareholders elect to receive Dividends in the form of New Shares, the cash which would otherwise be payable in respect of a cash Dividend may be retained in the Company to strengthen its working capital position and/or be used to fund the growth and expansion of the Company.

3. **SUMMARY TERMS OF THE SCRIP DIVIDEND SCHEME**

The following is a summary of the main features of the Proposed Scrip Dividend Scheme, and should be read in conjunction with the full text of the Proposed Scrip Dividend Scheme Statement, which will be set out in the circular to be despatched to Shareholders in due course (**“Circular”**).

Under the present law in Singapore, there are no brokerage, stamp duty or other transaction costs payable on New Shares allotted and issued under the Proposed Scrip Dividend Scheme.

The Proposed Scrip Dividend Scheme provides Shareholders with the option to elect to receive New Shares *in lieu* of the whole of their holding of Shares to which each Notice of Election relates in respect of any Qualifying Dividend. Shareholders may also make a permanent election to receive New Shares in respect of the Qualifying Dividend and their entitlement to all future Qualifying Dividends. For the avoidance of doubt, a Shareholder may not make a permanent election to participate in respect of part only of his holdings of Shares to which each Notice of Election relates for all future Qualifying Dividends. Where a permanent election has been made, Shareholders may, by giving the appropriate notice in accordance with the Proposed Scrip Dividend Scheme, cancel his participation and withdraw from the Proposed Scrip Dividend Scheme at any time.

The cancellation of a permanent election by a Shareholder would not preclude him from making a fresh permanent election, should he wish to do so, at a later time.

The Directors may, in their absolute discretion, determine that the Proposed Scrip Dividend Scheme will apply to any particular Dividend. An announcement will be made by the Company as soon as practicable following the determination by the Directors that the Proposed Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the next Market Day immediately following the Books Closure Date in respect of that particular Dividend. Unless the Directors have determined that the Proposed Scrip Dividend Scheme will apply to any particular Dividend, the Dividend concerned will be paid in cash to Shareholders.

New Shares allotted and issued under the Proposed Scrip Dividend Scheme will rank *pari passu* in all respects with the existing Shares then in issue save only as regards participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the Proposed Scrip Dividend Scheme) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

Shareholders participating in the Proposed Scrip Dividend Scheme will receive, at or about each Qualifying Dividend payment date, statements setting out, *inter alia*, the number of New Shares allotted and issued to them under the Proposed Scrip Dividend Scheme. Fractional entitlements to the New Shares will be rounded up to the nearest whole number or otherwise dealt with in such manner as the Directors may deem fit in the interests of the Company and as may be acceptable to the SGX-ST.

4. HOW TO PARTICIPATE

Participation in the Proposed Scrip Dividend Scheme is optional.

A Shareholder wishing to receive New Shares in respect of the whole of any Qualifying Dividend or to make a permanent election to receive New Shares in respect of all (and not part only) of his future Qualifying Dividends to which a notice of election ("**Notice of Election**") received by him relates and all future Qualifying Dividends should complete such Notice of Election and return it to the Company at the address indicated on the Notice of Election or, if the Shareholder is a Depositor, through CDP. A Shareholder receiving more than one Notice of Election and wishing to receive New Shares in respect the whole of his entitlement to the Qualifying Dividend in respect of his holding of Shares or to make a permanent election to receive New Shares in respect of the Qualifying Dividend and all future Qualifying Dividends must complete all Notices of Election to the Company and/or CDP, as the case may be.

To be effective in respect of any Qualifying Dividend to which a Notice of Election relates, such duly completed Notice of Election must be received by the Company or, as the case may be, CDP, no later than the date to be specified by the Directors in respect of that Qualifying Dividend.

Shareholders will receive the Qualifying Dividend in cash if they fail to elect to participate in the Proposed Scrip Dividend Scheme.

Shareholders do not need to take any action if they wish to receive their entitlement to the Qualifying Dividend in cash.

5. NOTE TO SHAREHOLDERS

5.1 No known tax advantage for electing to participate in the Proposed Scrip Dividend Scheme

The Company takes no responsibility for the taxation liabilities of Shareholders who choose to participate in the Proposed Scrip Dividend Scheme or the tax consequences of any election

made by Shareholders. As individual circumstances and laws may vary considerably, specific taxation advice should be obtained by Shareholders if they are in doubt or if they otherwise require.

As a general indication, it is understood that as at the date of this announcement, under taxation legislation in Singapore, a Shareholder's Singapore taxation liability in relation to the Dividends received will not alter, nor is there any taxation advantage to be gained by reason of having elected to participate in the Proposed Scrip Dividend Scheme. The Company accepts no responsibility for the correctness or accuracy of any information as to taxation liability set out herein.

5.2 Participating Shareholders may receive odd lots

The Company's Shares are currently traded in board lots of 100 Shares. A Shareholder who elects to receive New Shares *in lieu* of the whole cash amount of the Qualifying Dividend may receive such New Shares in odd lots. Shareholders who receive odd lots of New Shares and who wish to trade such odd lots on the Catalist Board of the SGX-ST should do so on the Unit Share Market of SGX-ST, which allows for trading of odd lots with a minimum of one (1) share.

5.3 Eligibility

All Shareholders including Directors, Substantial Shareholders and other interested persons of the Company who hold Shares, are eligible to participate in the Scrip Dividend Scheme, subject to the restrictions on Overseas Members (as elaborated in Paragraph 5.4 of this Announcement) and except that participation in the Scrip Dividend Scheme shall not be available to such Shareholders or class of Shareholders, as the Directors may in their discretion determine, and further subject to the requirement that such participation by a Shareholder will not result in a breach of any other restriction on such Shareholder's holding of Shares which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction, as the case may be, or prescribed in the Existing Constitution, or if successfully passed, the new Constitution. In addition, if any foreign shareholding limit computed as at the Books Closure Date will be breached (assuming that all foreign shareholders elect for shares), the scheme shall not apply for that dividend and the cash amount of the dividend declared will be paid in the usual way.

5.4 Overseas Members

The offer of the Scrip Dividend Scheme may be prohibited or restricted (either absolutely or unless various requirements are complied with) in certain jurisdictions under the relevant securities laws.

For practical reasons and to avoid any violation of the securities laws applicable in countries outside Singapore where Shareholders may have their registered addresses, the Scrip Dividend Scheme may, at the discretion of the Directors, not be offered to Overseas Members. No Overseas Members shall have any claims whatsoever against the Company, the Company's share registrar, CDP, or their respective agents, as a result of the Scrip Dividend Scheme not being offered or made available to such Overseas Members.

If the Directors has decided to offer the Scrip Dividend Scheme to Overseas Members, Overseas Members who wish to be eligible to participate in the Scrip Dividend Scheme should provide an address in Singapore for the service of notices and documents by notifying the Company c/o the share registrar, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 or, if the Overseas Member is a Depositor, the CDP, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588 (or any such address as may be announced by the Company from time to time) not later than five (5) Market Days prior to the Books Closure Date. Shareholders should note that all correspondence and notices will be sent to their last registered address with the Company or CDP, as the case may be.

5.5 Shareholders to note obligations under the Singapore Code on Take-overs and Mergers (“Takeover Code”)

The attention of Shareholders is drawn to Rule 14 of the Takeover Code. In particular, a Shareholder should note that he may be under an obligation to extend a mandatory offer for the Company, if:

- (a) he acquires, by participating in the Proposed Scrip Dividend Scheme in relation to any Qualifying Dividend, whether by a series of transactions over a period of time or otherwise, Shares which (taken together with Shares held or acquired by him or persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) he, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the Company, and he or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights of the Company by participating in the Proposed Scrip Dividend Scheme in relation to any Qualifying Dividend or otherwise.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Takeover Code. Shareholders who are in doubt as to whether they would incur any obligation to make a mandatory offer under the Takeover Code as a result of any acquisition of Shares through their participation in the Proposed Scrip Dividend Scheme are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.

5.6 Treatment of Fractional Entitlements

Fractional entitlements to the New Shares will be rounded down to the nearest whole number or otherwise dealt with in such manner as the Directors may deem fit in the interests of the Company and as may be acceptable to the SGX-ST.

6. **APPROVALS FOR THE PURPOSES OF IMPLEMENTING THE PROPOSED SCRIP DIVIDEND SCHEME**

6.1 Shareholders’ Approval for Issuance of New Ordinary Shares

Pursuant to Rule 861(1) of the SGX-ST Listing Manual Section B: Rules of Catalyst, an announcement must be made by an issuer if it wishes to implement a scrip dividend scheme which enables shareholders to elect to receive dividends by shares in lieu of cash and the approval of Shareholders will not be required.

In order to implement the Proposed Scrip Dividend Scheme, it is proposed that a new Constitution be adopted, which includes, *inter alia*, a new Regulation to enable Shareholders to elect to receive Dividends in the form of Shares, credited as fully paid-up, *in lieu* of cash, in accordance with the Proposed Scrip Dividend Scheme (the “**New Constitution**”). The new Constitution, along with full details of the Proposed Scrip Dividend Scheme, will be set out in the Circular to be despatched to Shareholders in due course. The proposed adoption of the New Constitution will be subject to the approval by Shareholders at an extraordinary general meeting to be convened on 30 April 2018 at 10.30 a.m.

The allotment and issue of New Shares under the Proposed Scrip Dividend Scheme will be subject to the approval of Shareholders, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore, at an extraordinary general meeting of the Company to be convened at a date to be determined.

6.2 Approval for Listing and Quotation of New Shares on the SGX-ST

In compliance with Appendix 8E to the Listing Manual, the Company will from time to time submit an additional listing application to the SGX-ST for the admission to the Official List of the SGX-ST of such New Shares as may be issued by the Company for the purposes of, in connection with or where contemplated by the AnnAik Limited Scrip Dividend Scheme, and for the listing and quotation of such New Shares on the Catalist Board of the SGX-ST, at such time(s) as may be appropriate and determined by the Company. It should be noted that the approval of the SGX-ST should not be taken as an indication of the merits of the AnnAik Limited Scrip Dividend Scheme, the New Shares, the Company and/or its subsidiary corporations. The Company will announce the outcome of any such application as may be appropriate in accordance with the Listing Manual.

It should be noted that the Company is unable to represent, warrant or give any assurance that the approval for the listing and quotation of the New Shares will be granted by the SGX-ST. In such event that New Shares cannot be issued by the Company or listed and quoted on the SGX-ST, appropriate steps will be taken by the Company for the relevant Shareholders to receive the Dividend in cash.

BY ORDER OF THE BOARD

Ow Chin Seng
Executive Chairman cum Chief Executive Officer
5 April 2018

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.

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