

SCRIP DIVIDEND SCHEME ANNOUNCEMENT

1. INTRODUCTION

The board of directors (the **"Directors"**) of UOB-Kay Hian Holdings Limited (the **"Company"**) is pleased to announce a scrip dividend scheme which will be called the UOB-Kay Hian Holdings Limited Scrip Dividend Scheme (the **"Scheme"**).

The Company will in due course be applying to the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) for the listing and quotation of the new ordinary shares to be issued, credited as fully paid, pursuant to the Scheme (the **"New Shares"**).

2. RATIONALE AND PURPOSE OF THE SCRIP DIVIDEND SCHEME

The Scheme, will provide an opportunity for shareholders of the Company (**"Shareholders"**) to elect to receive dividends in the form of shares, credited as fully paid-up instead of cash. It will enable Shareholders to participate in the equity capital of the Company without incurring brokerage fees, stamp duty and other related costs. The Company will also benefit from the participation by Shareholders in the Scheme as, to the extent that Shareholders elect to receive dividends in the form of shares, the cash which would otherwise be payable by way of cash dividend may be retained to fund the growth and expansion of the Group. The issue of Shares in lieu of cash dividends under the Scheme will also enlarge the Company's share capital base and the retention of cash will strengthen its working capital position.

3. ELECTION TO RECEIVE DIVIDENDS IN THE FORM OF SHARES IN LIEU OF CASH

Under the Scheme, whenever a dividend (including any interim, final, special or other dividend or distribution to be paid on the issued ordinary shares of the Company (the **"Shares"**)) (the **"Dividend"**) has been declared, and the Directors have determined that the Scheme is applicable to the Dividend (the **"Qualifying Dividend"**), each Shareholder of the Company has the following options in respect of his entitlement to the Dividend:

- (a) elect to receive his entitlement to the Dividend in cash; or
- (b) elect for an allotment of New Shares (credited as fully paid-up) in lieu of the cash amount of his entitlement to the Dividend.

An announcement will be made by the Company as soon as practicable following the determination by the Directors that the Scheme is to apply to a particular Dividend, and in any event, by no later than the next day on which the SGX-ST is open for trading in securities (the **"Market Day"**) immediately following the books closure date (the **"Books Closure Date"**) in respect of the Dividend. Shareholders may only participate in respect of their shareholdings as at the Books Closure Date for any Qualifying Dividend.

The Company will, at its discretion, send to a Shareholder one (1) or more notices of election (each, a **"Notice of Election"**) in relation to all the Shares held by him.

Shareholders may elect to participate in respect of all (and not part only) of their holding of Shares to which each Notice of Election relates in respect of any Qualifying Dividend (the **"Participating Shareholders"**) and may also make a permanent election to participate in

respect of all their holding of Shares for all future Qualifying Dividends. For the avoidance of doubt, a Shareholder may only make a permanent election to receive Shares in respect of all and not only part of his entitlement to which each Notice of Election relates and all future Qualifying Dividend. Where a permanent election has been made, the Participating Shareholder may, by giving the appropriate notice, cancel his participation and withdraw from the Scheme at any time. The cancellation of a permanent election by a Shareholder will not preclude him from making a fresh permanent election, should he wish to do so, at a later time.

A Shareholder receiving two (2) or more Notices of Election may elect to receive New Shares in respect of all (and not part only) of his entitlement to which one Notice of Election relates and decline to receive New Shares in respect of his entitlement to which any other Notice of Election relates. A Shareholder receiving two (2) or more Notices of Election and wishing to receive New Shares in respect of all of his entitlement to the Qualifying Dividend in respect of all of his holding of Shares must complete all Notices of Election to the Company and/or CDP, as the case may be.

Shareholders will receive the Qualifying Dividend in cash if they do not elect to participate in the Scheme.

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

4. NEW SHARES ALLOTTED UNDER THE SCRIP DIVIDEND SCHEME

For the purpose of calculating the number of New Shares to be allotted to the Shareholders, the issue price of a New Share shall not be set at more than ten per cent. (10%) discount to, nor shall it exceed, the average of the last dealt prices of a Share on the SGX-ST for each of the Market Days during the period commencing on the day on which the Shares are first quoted ex-dividend on the SGX-ST after the announcement of the relevant Qualifying Dividend and ending on the Books Closure Date in respect of such Qualifying Dividend, or such other period as the Directors may determine (the "**Price Determination Period**"). In the event that there is no trading in the Shares during the Price Determination Period, the issue price of a New Share shall not exceed the average of the last dealt prices of a Share on the SGX-ST for each of the Market Days during a period of five (5) Market Days immediately preceding the Price Determination Period.

Accordingly, where the Directors have resolved that the Scheme applies to a particular Dividend, it will not be possible until after the close of business on the relevant Books Closure Date to determine the exact number of New Shares to which Shareholders electing to receive New Shares will be entitled. An announcement will be made setting out the issue price of a New Share to be used in the calculation of Shareholders' entitlements to the New Shares in respect of such Dividend. In addition, Notices of Election will be sent to Shareholders after the Books Closure Date. A further announcement of the despatch date and closing date of election (the dates of which will be fixed by the Directors) will be made in due course.

The New Shares to be issued pursuant to the Scheme will rank *pari passu* in all respects with the existing Shares then in issue save only as regard to the participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the Scheme) or any other distribution, 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.

5. FRACTIONAL ENTITLEMENTS

Fractional entitlements to the New Shares will be rounded 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 which is acceptable to the SGX-ST.

6. ODD LOTS

The Shares are currently traded in board lots of 1,000 Shares. A Shareholder who elects to receive New Shares in lieu of the 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 SGX-ST should do so on the Unit Share Market, which allows trading of odd lots with a minimum of one (1) share.

7. OBLIGATION TO EXTEND TAKE-OVER OFFER

The attention of Shareholders is also drawn to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”). In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the Company if:

- (a) he acquires, by participating in the Scheme in relation to any Qualifying Dividend, whether at one time or different times, shares which (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 additional Shares by participating in the Scheme in relation to any Qualifying Dividend or otherwise in any period of six months, thereby increasing such percentage in the voting rights of the Company by more than 1%.

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 Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any acquisition of Shares through their participation in the Scheme are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.

8. ELIGIBILITY

All Shareholders are eligible to participate in the Proposed Scrip Dividend Scheme, subject to the restrictions on Shareholders with registered addresses outside Singapore and who have not provided to the Company or (as the case may be) The Central Depository (Pte) Limited (“**CDP**”), not later than five (5) Market Days prior to the Books Closure Date with addresses in Singapore for the service of notices and documents, 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 Memorandum or the Articles of Association of the Company.

9. TAXATION

The Company takes no responsibility for the taxation liabilities of Shareholders who choose to participate in the Scheme or the tax consequences of any election made by the Shareholders. As individual circumstances and laws may vary considerably, specific tax advice should be obtained by Shareholders if they are in doubt or if they otherwise require. The Company accepts no responsibility for the correctness or accuracy of any information as to tax liability contained in the scrip dividend scheme statement set out in Appendix 1 to this Announcement.

10. APPROVAL FOR THE PURPOSE OF IMPLEMENTING THE SCRIP DIVIDEND SCHEME

Pursuant to the amendments to Rule 862 of the Listing Manual of the SGX-ST which became effective as at 1 January 2011, an announcement must be made by an issuer if it wishes to implement a scrip dividend scheme which enables shareholders to receive shares in lieu of cash amount of any dividend and the approval of shareholders will not be required.

The issue of New Shares under the Scheme will be subject to the approval of the Shareholders, pursuant to Section 161 of the Companies Act, Chapter 50, of Singapore, at the forthcoming annual general meeting of the Company to be convened on a date to be determined.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

Where information in this announcement 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 announcement in its proper form and context.

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
14 August 2013