

PETRA FOODS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 198403096C)

**ADOPTION OF THE SCRIP DIVIDEND SCHEME AND IN-PRINCIPLE
APPROVAL FROM THE SINGAPORE EXCHANGE SECURITIES TRADING
LIMITED (THE "SGX-ST")**

The directors of Petra Foods Limited (the "**Company**") are pleased to announce the adoption of the Petra Foods Limited Scrip Dividend Scheme (the "**Scheme**"). Details of the Scheme, as well as its terms and conditions are set out in the Scrip Dividend Scheme Statement (the "**Statement**"). The key terms of the Scheme are set out below and a copy of the Statement is available for inspection at the registered office of the Company during normal business hours.

The Company has on 2 April 2009 received approval-in-principle from the SGX-ST for the listing and quotation of new ordinary shares in the capital of the Company to be issued pursuant to the Scheme. The in-principle approval is subject to, inter alia, the following:

- (a) compliance with the SGX-ST's listing requirements and guidelines; and
- (b) an immediate announcement via SGXNET on the proposed implementation of the Scheme, the key terms of the Scheme and the Exchange's in-principle approval for the listing and quotation of the new shares (the "**New Shares**") arising from the Scheme.

In-principle approval from the SGX-ST is not an indication of the merits of the Company, the New Shares or the Scheme.

The Scheme is intended to give the shareholders of the Company (the "**Shareholders**") an option to elect to receive a Qualifying Dividend (defined below) in the form of fully paid ordinary shares in the capital of the Company instead of cash.

Under the Scheme, the directors of the Company may, in their absolute discretion, determine that the Scheme will apply to any particular dividend (the "**Qualifying Dividend**"). In this regard, the Company will make an announcement as soon as practicable when each of such determination is made by the Directors.

The Scheme will not be applied to the proposed final dividend for the financial year ended 31 December 2008.

The key terms of the Scheme are set out below.

KEY TERMS OF THE SCHEME

All capitalized terms used herein shall have the same meaning ascribed to them in the Statement.

1. Rationale and Purpose of the Scheme

The Scheme provides Shareholders with the option to elect to receive Shares in lieu of the cash amount of any dividend (including any interim, final, special or other dividend) declared on their holding of Shares (after the deduction of applicable income tax).

2. Summary of Main Features

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 and may also make a permanent election to participate in respect of all their holding of Shares to which each Notice of Election relates for all future Qualifying Dividends.

The Directors may, in their absolute discretion, determine that the 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 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 the particular Dividend. Unless the Directors have determined that the Scrip Dividend Scheme will apply to any particular Dividend, the Dividend concerned will be paid in cash to the Members in the usual manner.

Shares allotted and issued under the Scrip Dividend Scheme will rank *pari passu* in all respects with the 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 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 Scrip Dividend Scheme will receive, at or about each dividend payment date, statements setting out, *inter alia*, the number of Shares allotted to them under the Scrip Dividend Scheme.

3. Eligibility

All Shareholders are eligible to participate in the Scrip Dividend Scheme subject to, amongst others, the restrictions on Shareholders with registered addresses outside Singapore (the "**Overseas Shareholders**").

4. Overseas Shareholders

Overseas Shareholders who wish to be eligible to participate in the Scrip Dividend Scheme should provide an address in Singapore for the service of the notices and documents by notifying the Company or, if the Overseas Shareholder is a Depositor, the CDP, not later than five (5) Market Days prior to the Book Closure Date. Depositors should note that all correspondence and notices will be sent to their last registered addresses with CDP.

5. How to Participate

Participation in the Scrip Dividend Scheme is optional.

A Shareholder wishing to receive new Shares in respect of any Qualifying Dividend or to make a permanent election to receive new Shares in respect of all future Qualifying Dividends to which a Notice of Election received by him relates should complete the Notice of Election and return it to the Company at the address indicated on the Notice of Election or, if the Member is a Depositor (as defined below), to CDP.

A Shareholder receiving more than one Notice 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 or to make a permanent election to receive Shares in respect of all future Qualifying Dividends must complete all Notices of Election received by him and return the completed 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.

A Participating Shareholder may at any time cancel his permanent election to participate in the Scrip Dividend Scheme by completing and returning the appropriate Notice of Cancellation in accordance with the Statement.

6. Share Entitlement

In respect of any Qualifying Dividend, the number of Shares to be allotted and issued to the Participating Shareholder electing to receive Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:-

$$N = \frac{S \times D}{V}$$

Where:

N = is the number of new Shares to be allotted and issued as fully paid to the Participating Shareholders in respect of such Notice of

Election.

- S = is the number of Participating Shares held by the Participating Shareholders as at the Books Closure Date to which such Notice of Election relates.
- D = is the Qualifying Dividend (after deduction of applicable income tax) to which such Notice of Election relates.
- V = is the issue price of a Share, which shall for the purpose of calculating the number of new Shares to be allotted and issued as fully paid to Participating Shareholder, pursuant to the Scrip Dividend Scheme, be an amount in S\$ determined by the Directors (the "**Relevant Amount**"), which Relevant Amount shall not be set at more than a 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 Dividend and ending on the Books Closure Date (the "**Price Determination Period**").

In the event that there is no trading in the Shares during the Price Determination Period, the Relevant Amount 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 to be determined by the Directors prior to the announcement of the application of the Scrip Dividend Scheme to such Dividend.

A Participating Shareholder may receive odd lots in respect of his/her Qualifying Dividend to which his/her Notice of Election relates.

7. Cancellation of Application of the Scrip Dividend Scheme

If at any time after the Directors have determined that the Scrip Dividend Scheme shall apply to any particular Dividend and before the allotment and issue of Shares in respect of that Dividend, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Scrip Dividend Scheme in respect of such Dividend, the Directors may, at their absolute discretion and as they may deem fit in the interest of the Company and without assigning any reason therefore, cancel the application of the Scrip Dividend Scheme to the Dividend. In such event, the Dividend shall be paid in cash to Shareholders in the usual manner.

NOTE TO SHAREHOLDERS

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

- (a) he acquires, by participating in the Scrip Dividend Scheme in relation to any Qualifying Dividend, whether at one time or different times, Shares which (together with Shares owned 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, 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 Scrip Dividend Scheme in relation to any Qualifying Dividend.

By order of the Board

Lian Kim Seng
Secretary

3 April 2009