



# The Peninsula Chittagong Limited

## DIVIDEND DISTRIBUTION POLICY

### 1. **Objective**

The objective of this Dividend Distribution Policy (“**the Dividend Distribution Policy**”) is to ensure the right balance between the quantum of dividend paid and profits retained in the business for various purposes. In addition, this Policy will also ensure that the distribution of dividend is implemented pursuant to the applicable legislation in the interests of the shareholders and the Company and will also address the management of unclaimed dividends.

### 2. **Scope and Legal Basis**

This Dividend Policy sets out the principles applicable to the declaration and distribution of dividend to be made by the Company in accordance with its Articles Of Association and applicable laws.

This Policy has been prepared pursuant to the Directive dated 14<sup>th</sup> January 2021 bearing reference No. BSEC/CMRRCD/2021-386/03 issued by the Bangladesh Securities and Exchange Commission (BSEC). In accordance with the BSEC Directive dated 7<sup>th</sup> March 2021 bearing reference No. BSEC/CMRRCD/2021-388/07 compliance under the Directive dated 14<sup>th</sup> January 2021 commence from 1<sup>st</sup> July 2021.

### 3. **Philosophy**

The philosophy of the Company is to maximize shareholders’ wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter declare and distribute profits in the form of Dividend to the shareholders.

### 4. **Definitions**

Unless repugnant to the context:

“**Act**” shall mean the Companies Act, 1994 including the Rules made thereunder, as amended from time to time.

“**Applicable Laws**” shall mean the Companies Act, 1994 and rules made thereunder, the Securities and Exchange Laws, the Stock Exchanges’ Listing Regulations and such other Rules, Regulations, Directive, Circular and Order relating to declaration, entitlement, and distribution of Dividend.

“**Company**” shall mean The Peninsula Chittagong Limited.

“**Chairman**” shall mean the Chairman of the Board of Directors of the Company.

“**Board**” or “**Board of Directors**” shall mean the Board of Directors of the Company.

“**Dividend**” means any sum payable or distributed to members/shareholders out of profits or reserves of the Company available for that purpose, for a particular period, against each share the member/shareholder owns.

“**MD & CEO**” shall mean Managing Director and Chief Executive Officer of the Company.

“**Policy or this Policy**” shall mean this Dividend Distribution Policy.





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### 5. Interpretation

In this Policy, unless the contrary intention appears:

- (a) the clause headings are for ease of reference only and shall not be relevant to interpretation.
- (b) a reference to a clause number includes a reference to its sub-clauses.
- (c) words in singular number include the plural and vice versa.
- (d) Words and expressions used and not defined in this Policy but defined in Companies Act, 1994 or rules made thereunder or Securities and Exchange Commission Act, 1992 or regulations made thereunder or Depositories Act, 1999 and Articles of Association of the Company shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

### 6. Principles of declaration of Dividend

Dividend shall be declared on per share basis on the Ordinary shares of the Company. Presently, the Authorised Share Capital of the Company is divided into equity/ordinary shares of face value BDT 10 each. The Company has no other class of shares. The Board shall recommend or declare the amount of dividend on each share based on financial parameters set out below:

#### 6.1 Internal Factors

- (a) Consolidated net operating profit after tax.
- (b) Working capital requirements;
- (c) Capital expenditure requirements;
- (d) Resources required to fund acquisitions and / or new businesses
- (e) Cash flow required to meet contingencies;
- (f) Outstanding borrowings
- (g) Past Dividend Trends

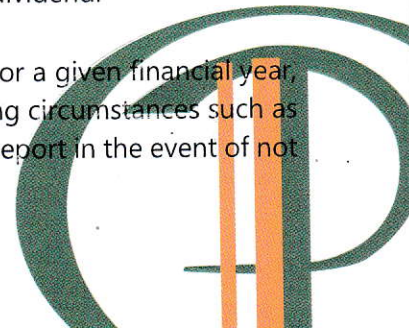
#### 6.2 External Factors

- (a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.

#### 6.3 The shareholders of the Company may not expect Dividend under the following circumstances:

- (a) Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- (b) Significantly higher working capital requirements adversely impacting free cash flow;
- (c) Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- (d) Whenever it proposes to utilise surplus cash for buy-back of securities; or
- (e) In the event of inadequacy of profits or whenever the Company has incurred losses.
- (f) Any rules, Directive or guidance issued by BSEC on declaration or distribution of dividend.

The Board may consider not declaring Dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. The Board will provide rationale in the Annual Report in the event of not declaring Dividend.





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### **7. Procedure for Declaration and Distribution of Dividend**

- 7.1 The Chief Financial Officer (CFO) in consultation with the MD & CEO, and the Company Secretary of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.
- 7.2 Where Dividend declaration or recommendation is proposed for consideration of the Board it shall be a specific agenda for consideration.
- 7.3 Pursuant to the provisions of applicable laws and this Policy, interim Dividend (if any) declared by the Board of Directors may be paid to the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company. No larger Dividends shall be declared than is declared or recommended by the Board of Directors. However, the Company in Annual General Meeting may declare a smaller Dividend.
- 7.4 The stockbroker or a merchant banker or a portfolio-manager of the margin client or customer shall request the Company within 7 (seven) days from the Record Date to pay the Dividends into respective account maintained by the stock broker or a merchant banker or a portfolio manager of the margin client or customer. All such requests shall be made to the designated email address of the Company for this purpose and may also be delivered to the Company by any other means.
- 7.5 The Company shall pay all Dividends in accordance with this Policy through BEFTN.
- 7.6 The Company shall ensure compliance to applicable laws and this Policy in relation to Dividend declaration and distribution by the Company.

### **8. Unpaid or Unclaimed Dividend**

Pursuant to the Directive No. BSEC/CMRRCD/2021-386/03 dated 14.01.2021, the Company shall maintain a Bank Account namely "Unclaimed Dividend Account", where unpaid or unclaimed Dividend shall be kept for a period of 3 (three) years from the date of declaration or approval date or record date. After elapse of the afore-mentioned period, if any Dividend remains unpaid or unclaimed or unsettled, such Dividend along with accrued interest shall be transferred to a Fund maintained by Bangladesh Securities Exchange Commission.

### **9. Procedure for claiming unpaid Dividend**

- 9.1 The Company has a mechanism in place for claiming unpaid or unclaimed Dividend which is as follows:
- 9.1.1 Shareholders are required to make an "Application for Unpaid Dividend" in the format set out in this Policy. For the ease of shareholders, the Application Form is available on the Company website and at its office.
- 9.1.2 Shareholders may apply in person at the Corporate Office of the Company or submit their application over email to [ipoinfo@peninsulactg.com](mailto:ipoinfo@peninsulactg.com)





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9.1.3 Unpaid Dividends will be paid to the shareholders, upon verification of the relevant BO ID information, cell phone number and email address maintained with the Central Depository of Bangladesh Limited (CDBL)

9.1.4 Unpaid Dividends will be paid through issuance of Dividend warrant/BEFTN/other banking channels within 15(Fifteen) working days.

9.2 For the avoidance of doubt, all Dividend payments from the Company shall be subject to applicable taxes and shall not bear any interest or whatsoever.

### **10. Disclosure of Dividend Information**

The Company maintains a record of unpaid or unclaimed Dividend. Summary of such record shall be available in the Annual Report and in the Quarterly Financial Statements. The Company shall also publish such record in its website in accordance with the Directive No. BSEC/CMRRCD/2021-386/03 dated 14.01.2021.

### **11. General**

This Dividend Policy would be subject to revision/amendment in accordance with changes in applicable laws or the guidelines issued by BSEC or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Board shall review this Policy annually. Upon recommendation of the Board, the Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

