



## Dagon International Limited

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### Dagon International Limited - Dividend Policy

#### 1. Definitions

- 1.1 "The Company" refers to Dagon International Limited and its subsidiaries.
- 1.2 "Dividend (s)" refers to either an interim or final Dividend(s).

#### 2. Introduction

The Corporate dividend policy of the Company is formulated in accordance with the Laws of The Union of Myanmar, investment and tax legislations, Codes of Corporate Governance, as well as internationally recognized best practices and principles. The policy is a medium of guaranteeing some of the shareholder rights as contained in the Corporate Governance Code of the Company.

#### 3. Applicability

Dagon International Limited, "The Company", has not paid any dividends since its incorporation. In future years the Management Board may assess the relevance of paying dividends in light of its strategy to grow the company through investments in its people, processes and systems. The Management Board is committed to maintaining The Company's regulatory capital above the applicable capital requirements at all times.

The Management Board, with the approval of The Supervisory Board, may fully or partially appropriate The Company's profits realized during a financial year to The Company's reserves. If the Management Board does not appropriate all of The Company's profits for such financial year to The Company's reserves, the non-appropriated portion of the profits shall be put at the disposal of The Company's shareholders at the Annual General Meeting. At that Annual General Meeting, the Management Board shall, only after obtaining the prior the approval of the Supervisory Board, make a proposal to either

- (a) reserve such non-appropriated profits, or
- (b) distribute such non-appropriated profits as dividend.

Such proposal, be it proposal (a) or (b), must be approved by the shareholders at the Annual General Meeting through a separate item on the agenda.

Issues relating to the determination and payment of dividend shall be subject to this policy. The policy shall accordingly be employed in determining any claim by any shareholder, individual or institutional regarding the dividend of the Company subject to any provisions in the Articles of Association of the Company. The policy shall be applicable to all classes of shares of the company.

#### 4. Objectives

4.1 To define the policy and procedures of the Company in relation to the calculation, declaration and settlement of Dividends and the determination of the form and time periods within which Dividends are paid.

4.2 To ensure that the Company has sufficient distributable profits and/or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and/or payment of Dividends.

4.3 To create a transparent and methodological Dividend policy, adherence to which will be required on annual basis, with any deviations clearly identified and promptly communicated to appropriate stakeholders.



4.4 To ensure that Dividends are either paid for in cash or in stock.

## **5. Declaring Dividends**

5.1 The Company's Board of Directors shall be responsible for generating all resolutions on the declaration and payment of Dividends.

5.2 The decision to declare and pay Dividends, including the procedure for making Dividend payments on each type and class of shares, shall be made at the Annual General Meeting ("AGM") of Shareholders, upon the recommendation of the Board of Directors. The resolution of the Board of Directors shall be presented in the form of a recommendation to the Shareholders.

5.3 The decision on whether to declare and pay Dividends shall be a separate item of agenda at the AGM.

5.4 The decision on the Dividend amount payable and the payment procedure shall be made by the Board of Directors at a meeting where the resolution for preliminary distribution of the Company's net profit for the fiscal year is made by the directors, and recommended to the Shareholders.

5.5 Any declaration to pay Dividends must provide the following:

- i. The type and class of shares on which the Dividends have been declared;
- ii. The amount of Dividends per share of each type and class;
- iii. The period for payment; and
- iv. The form of payment.

5.6 The decision to declare Dividends on common shares may be made only after a decision has been made to declare Dividends on all classes of preferred shares and in the full amount.

5.7 If the Company has classes of preferred shares, a decision to declare Dividends on the preferred shares shall be made pursuant to clause 5.6 and in accordance with the Company's Articles of Association.

5.8 Where there is an inconsistency between clause 5.6 and the Company's Article of Association with respect to the order of priority of Dividends, the provisions set forth in the Company's Articles of Association must be adhered to.

5.9 The Company will not declare any Dividend(s) where:

- i. There are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- ii. Pursuant to Dividend decision date, the Company is insolvent or bankrupt in accordance with the provisions of insolvency or bankruptcy law, or where, as a result of paying Dividends, the Company would be rendered insolvent or bankrupt;
- iii. Prior to the Dividend decision date, the net asset value of the Company is less than its Articles of Association capital, reserve fund and the excess of the liquidation value over the nominal value of the outstanding preferred shares as set forth in the Articles of Association; or
- iv. There is any other case set forth by any law.

## **6. Common or Preferred Shares**

6.1 Dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro rata basis according to the number of each type and class of shares held.

6.2 Dividends on preferred shares may be paid out of the Company's funds specifically designated for its purpose.



6.3 The amount of Dividends on common shares is determined upon recommendation of the Board of Directors as provided in the Articles of Association and may not exceed the amount so recommended.

6.4 The amount of Dividends on one common share shall be equal to the total amount of common Dividends to be paid divided by the total number of the Company's common shares outstanding, as of the Dividend record date, on which Dividends may be payable pursuant to the Law.

6.5 The amount of Dividends on preferred shares is determined by the terms of the agreement underlying the preference share.

6.6 The amount of Dividends for one preferred share of a particular class shall be equal to the total amount of Preferred Dividends divided by the total number of the preferred shares of that class.

6.7 Preferred and common Dividends distributed to shareholders shall be declared before tax deductions from Dividends.

## **7. Taxation Policy**

7.1 Dividends shall be paid to shareholders after deduction of withholding tax at the prevailing rate currently fixed at rates, if applicable, on the existing tax legislation.

7.2 The rate of the withholding tax deducted from dividend paid to shareholders resident in countries having tax treaties with The Union of Myanmar, shall be in line with the relevant provisions of the applicable treaty.

7.3 Withholding tax deducted from Dividends paid by the Company shall be remitted in accordance with the provisions of the relevant tax legislation or tax treaty.

## **8. Persons Entitled to Receive Dividends**

8.1 The list of persons entitled to receive Dividends shall be prepared by the Company's External Registrar according to the instructions of the Company.

8.2 The list of persons entitled to receive Dividends shall be prepared as of the record date on which the list of persons entitled to participate in the AGM at which the decision to declare Dividends is to be considered.

8.3 Such list shall include registered shares, and the persons on behalf of whom the nominal holders own the shares as of the record date.

8.4 For the preparation of the list of persons entitled to receive Dividends, nominal shareholders shall provide information on the persons for whom they hold shares.

## **9. Paying Declared Dividends**

9.1 The date on which annual Dividends are paid shall be determined by the outcome of the AGM.

9.2 The Company shall continue making payments of declared Dividends as to those shares for which the owners have not received the accrued Dividends, or for which they have not claimed the Dividends within the period defined pursuant to the Law.

9.3 No interest shall accrue on unclaimed Dividends, provided:

- i. Where Dividends are returned to the Company unclaimed, the Company shall send a list of the names of the persons entitled with the notice of the next AGM.
- ii. After the expiration of three months of the notice mentioned in 9.3.1, the Company may invest the unclaimed Dividend for its own benefit in an investment outside the Company and no interest shall accrue on the Dividends against the Company.



- iii. Where Dividends have been sent to members and there is an omission to send to some members due to the fault of the Company, the Dividends shall earn interest at the current rate from three months after the date on which they ought to have been posted.
  - iv. For the purpose of liability, the date of posting the Dividend warrant shall be deemed to be the date of payment and proof of whether it has been sent is a question of fact.
- 9.4 The Company is responsible for paying all declared Dividends. Accordingly, the Company shall be liable to its shareholders for the failure to discharge this duty, pursuant to the Law.
- 9.5 The preparation, coordination, and all arrangements required from the Company in connection with the payment of Dividends set forth herein shall be the responsibility of the Corporate Secretariat Office, the functions of which include relations with shareholders.
- 9.6 The Company shall notify its shareholders of the time, form, place, and procedure for the payment of the Dividends by distribution of notices by mail or SMS or other devices to the residential or email addresses or telephone numbers set forth in the shares.
- 9.7 The Company shall be a tax agent for the purposes of the withholding and submission, to the relevant tax authority, of taxes payable on dividends. The Company shall perform the necessary calculations and deduct taxes on Dividends in accordance with the procedures and within the period required by the Law.
- 9.10 The Company does not have the right to pay declared Dividends on shares in the following cases:
- i. If there are reasonable grounds for believing that the Company is or would be, after the payment, unable to pay its liabilities or discharge its obligations as they become due;
  - ii. If, as of the date of such decision, the Company is insolvent or bankrupt pursuant to the provisions of the insolvency or bankruptcy law, or if, as a result of paying Dividends, the Company would be rendered insolvent or bankrupt;
  - iii. If, as of the date of such decision, the net asset value of the Company is less than its Articles Of Association capital, reserve fund, and the excess of the liquidation value over the nominal value of the outstanding preferred shares as set forth in the Articles Of Association, or if the net asset value will be less than such amount as a result of such decision; or
  - iv. In any other case set forth by the Law.
- 9.11 Upon termination of those circumstances set forth in 9.10 hereof which precluded the payment of Dividends, the Company shall, within a reasonable period of time and according to the Law, pay to shareholders the Dividends so declared.
- 9.12 Any matters relating to the payment of Dividends and not governed by the Law, the Company's Articles of Association and policies, shall be resolved in a manner, which takes into consideration and complies with the rights and legitimate interests of shareholders.

Approved by the Board of Directors of **Dagon International Limited**