

# Circular to Shareholders - 2

ChemaneX PLC - (PQ 64)

199, Kew Road, Colombo 02

Dear Shareholder/s,

## FINAL SCRIP DIVIDEND OF RS.5/- PER SHARE FOR THE FINANCIAL YEAR 2024/25

As reflected in the Audited Financial Statements as at 31st March 2025, ChemaneX PLC ("the Company") has recorded a Net Profit after Tax of Rs.117.43Mn for the Year ended 31st March 2025. The Board of Directors of the Company (the "Board") has decided to recommend, subject to the approval of the shareholders, to pay a final dividend of Rs.5/- per share in the form of a scrip dividend, by the issuance of shares of the Company.

The Number of shares to be issued

- (i) the following table sets out the number of shares to be allotted, the proportion with which the shares are to be issued and consideration at which shares are to be issued. The proportions have been calculated based on the number of issued shares as at the commencement of trading on 26th May 2025. The consideration for the shares to be issued pursuant to the scrip dividend shall be set aside out of the profits earned during the financial year ended 31st March 2025.

|   |                            |
|---|----------------------------|
| Existing Ordinary shares as at 26/05/2025   | 15,707,312                 |
| The number of shares to be issued<br>(this is on the basis of a payment of Rs.5/- as dividend per existing share) | 445,041                    |
| Amount to be capitalized (Net of WHT 15%)   | Rs.66,756,076/-            |
| Value of a share as at 26/05/2025   | Rs.150/-                   |
| The proportion with which the shares are to be issued   | 1 for 35.2941176471 shares |

- (ii) The new shares to be issued under the proposed scrip dividend will rank equal and pari passu in all respects with the ordinary shares of the Company.

### Entitled Shareholders

The shareholders entitled to the final dividend ("Entitled Shareholders") shall be those shareholders whose names have been duly registered in the Register of Shareholders and those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd ("CDS") as at end of trading on the third (3rd) Market Day from and excluding the date of the Annual General Meeting ("Record Date");

### Residual Fractions of Shares

- (i) The residual fractions arising upon the scrip dividend will be aggregated and subject to receiving the approval of the shareholders, fractional shares/entitlement arising therefrom, will be allotted to trustees to be nominated by the Board, who will hold the said shares in trust until they are sold in the market and the sale proceeds shall be distributed to charities approved by the Board. The sale of such shares will be effected within a reasonable period of time, following the date on which the aforesaid approval of the shareholders has been obtained.

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- (ii) Fractional shares/entitlements referred to herein will mean the fractions arising after applying the following formula;

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the Record Date X 1}}{35.2941176471}$$

## Compliance with the Law

- (i) Compliance with the Companies Act No.7 of 2007 ("the Companies Act");
- (a) In terms of Section 52 of the Companies Act, the Board has decided that the shares to be issued to shareholders under the proposed scrip dividend issue shall be issued at a consideration of Rs.5/- per share.
- The Board of Directors has also opined that the aforesaid consideration for which the shares are to be issued under the scrip dividend is fair and reasonable to the Company and to all existing shareholders of the Company.
- (b) In terms of Section 53(1) of the Companies Act, subject to the Articles of Association, where a company issues shares which rank equally with or above existing shares in relation to voting or distribution rights, those shares shall be offered to the existing shareholders to main the relative voting and distribution rights, The shares are to be issued under the proposed scrip dividend shall rank equal and pari passu with the exiting shares.
- (c) In terms of Section 56 of the Companies Act subject to the articles of the Company, every distribution must be approved by the shareholders by ordinary resolution. Accordingly the proposed payment of scrip dividend will be subject to approval of the shareholders of the Company at the Annual General Meeting to be held on 30th June 2025.
- (d) The proposed dividend is paid out of profits of the Company as at 31st March 2025. The Board of Directors issued a solvency certificate as required by Section 56 of the Companies Act. The Board of Directors is satisfied that the Company will, immediately after the dividend is paid, meet the solvency test in terms of the provisions of the Companies Act. A copy of the Certificate of Solvency to be issued by the Company's Auditors, M/s. Ernst & Young, Chartered Accountants, for the aforesaid payment would be submitted, conforming to the CSE requirements.
- (ii) Compliance with Articles of Association
- (a) The Company is able to distribute dividends in terms of Article 37 of the Articles of Association of the Company.
- (b) New shares to be issued in pursuance of the distribution scheme shall, immediately consequent to the allotment and issue thereof to the entitled shareholders, rank equal and pari passu in all respects with the existing issued and fully paid shares of the Company in terms of Article 4 of the Articles of Association of the Company.
- (c) Article 37(1) of the Articles of Association of the Company provides that except where a distribution is a final dividend, the approval of the shareholders by way of an ordinary

resolution or otherwise shall not be required before such distribution is made. Given that the proposed dividend is a final dividend payable in the form of a scrip dividend for the Year ended 31st March 2025, the approval of the shareholders of the Company is required therefore by Ordinary Resolution.

(iii) Compliance with the Rules of the Colombo Stock Exchange (CSE)

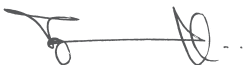
The Company has;

- (a) taken necessary steps to comply with all relevant provisions of the Listing Rules of the CSE in relation to the final dividend referred to in this circular.
- (b) Obtained in-principal approval from the Colombo Stock Exchange for the issue and listing of the shares under the proposed scrip dividend.

**Uploading of Shares into CDS Accounts**

- (i) As required in terms of the directives issued by the Securities and Exchange Commission of Sri Lanka ("SEC") and the circulars issued by the Central Depository Systems (Pvt) Ltd ("CDS"), all new shares to be issued under the proposed scrip dividend will be directly uploaded to the securities accounts of shareholders maintained with the CDS, within five (05) Market Dates from and excluding the Record Date. If a shareholder holds multiple CDS accounts, the total entitlement will be directly deposited to the respective CDS accounts proportionately.
- (ii) No share certificate will be issued to any shareholder, In the event of the non-availability of a CDS account number, the new shares to be allotted to any shareholder, will only be registered in the share ledger/register maintained by the Share Registrars of the Company. Such shareholder will not be entitled to a share certificate nor be able to trade the new shares until such time these shares are deposited with the CDS. Therefore, the shareholders must ensure strict adherence to the aforementioned Directives and Circulars of the SEC and the CSE. Consequent to the opening of the CDS account by such shareholder, the new shares will be credited to such CDS account. Direct uploads pertaining to written requests received from shareholders to deposit such shares will be done every fortnight.

By Order of the Board;  
Chemanex PLC



**S A B P W M R R W T Wegodapola**  
Company Secretary

27th May 2025