

1.00 Introduction:

The dividend distribution policy is prepared and adopted in compliance with the **Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2021-386/03 dated 14th January 2021**, the issuers of listed securities are required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of Associated Oxygen Limited (herein after referred to as "the Company") has formulated and approved this Dividend Distribution Policy (herein after referred to as "the Policy").

2.00 Concept and type of dividend:

Dividend is the share of the profits that a company earned in the current year or earlier years, by the Company, to its shareholders in proportion to the amount paid-up on shares held by them. Dividend can be cash or stock or the combination of both Cash and Stock in types and can also be final or interim. Dividend to be declared on the basis of audited financial statements regardless of interim or final.

The Company can declare dividend after the end of financial year, which is called final dividend. Final dividend shall be declared on the basis of recommendations of the Board and shareholders shall approve at the Annual General Meeting (AGM) of the Company.

The Company can also declare dividend from current year profits, which will be called interim dividend and the Board may, at its discretion, declare an interim dividend out of current profit.

3.00 Criteria to be considered before recommending /dividend:

The board will consider the following factors before recommending dividend:

Statutory and Regulatory Compliance:

- The company shall declare dividend only after ensuring compliance with the Regulatory guidelines on dividend declaration.

Financial Criteria:

- Financial performance of the Company for the year for which dividend is recommended ;
- Internal capital planning framework/policy;
- Dividend payout trends(the dividend payout ratio will be calculated as a percentage of dividend(including dividend tax) recommended for the year to the net profit for the year);
- Tax implications if any, on distribution of dividends;
- Cost of raising funds from alternate sources of capital;
- Corporate actions including mergers/demergers, acquisition and additional investments

including expansion plans and investment in subsidiaries/associate of the company;

- Such other factors and/or material events which the Company's board may consider

Few guiding financial parameters in dividend recommendation will be as follows:

- Cash dividend is preferred at least once in consecutive 2 years to avoid the company to be shifted or transferred to the "Z-category" as per BSEC Order vide letter no SEC/CMRRCD/ 2009-193/08, dated September 01, 2020.
- Cash dividend ratio will be higher or equal to the stock dividend (where stock dividend is valid as per BSEC notifications) ratio to avoid excess tax expenditure as per section 16(F) of ITO 1984.

Internal and External factors:

A. Internal and External factors that shall be considered for declaration of dividend. The board and management may decide to utilize its profit for-

- Business Growth;
- Capital Expenditure;
- Inorganic growth;
- Provision of Reserve fund;
- Acquisition of Technology;

B. The level of competition and the prospectus of growth for the sector may require the Company to buffer up capital to enhance operational efficiency.

C. The company is exposed to operational, environmental, regulatory, and legal risks. Possible Adverse impact from these risks notwithstanding risk migration by the company can have Bearing on dividend payout.

4.00 Circumstances under which Shareholders of the Company may or may not expect dividend:

- The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders and the amount of profit to be retained in business.
- The Board shall consider the parameters mentioned in this policy before determination of any dividend payout.
- The Shareholders of the Company may not expect dividend in many other circumstances, some of which are the following, always subject to the discretion of the Board:
 - Company has inadequacy of profits or incurs losses for the financial year;
 - Company undertakes /proposes to undertake a significant expansion project

- requiring higher allocation of capital;
- Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- Company has significantly higher working capital requirement affecting free cash flow;
- Company proposes to utilize surplus cash for buy- back of securities;
- Company is prohibited to recommend/declare dividend by any regulatory body

5.00 Dividend Distribution Process:

- Company shall pay off the dividend (cash/stock) to the shareholders within 30 days of declaration or approval or record date as the case may be.

Company shall pay off the cash dividend to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible through BEFTN.

- Dividend of the margin client of stock broker or merchant banker shall pay off to the Consolidated Customer's Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
- In case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder.
- Company shall credit the stock dividend to the BO account or issue the bonus share certificate of the entitled shareholder.
- Company shall follow the directives/circulars in force of the securities regulator, related to dividend distribution from time to time.

6.00 Utilization of retained earnings:

The company would utilize the retained earnings of the company in a manner which beneficial to The interest of the company and its stakeholders, including, but not limited to ensuring maintenance Of a healthy level of minimum capital adequacy ratios, meeting the company's future business Growth/expansion and strategic plans or such other purpose the board may deem fit from time to Time in the interest of the company and its stakeholders.

7.00 Parameters for various classes of shares:

Currently, the company has only one class of shares – Equity shares. There is no privilege Amongst equity shareholders of the company with respect to dividend distribution.

8.00 Disclosure:

This dividend distribution policy shall be disclosed in the Annual report of the company and on the Company's website www.associatedoxygenltd.com

If the company proposes to declare dividend on the basis of any additional parameters a part from Those mentioned in the policy or proposes to change the parameters contained in this policy, it shall Disclose such changes along with the rationale for the same tn the Annual report and on the website.

9.00 Review / Amendment:

The board may amend, abrogate, modify or revise any or all provisions of this policy. However, Amendments in the act or in the listing Regulations shall be binding even if not incorporated in this policy.