

MAHAWELI COCONUT PLANTATIONS LIMITED

(PB 191)

CIRCULAR TO SHAREHOLDERS

Dear Shareholders,

Mahaweli Coconut Plantations Limited (Company) made a Net Profit of Rs. 102.82 Million after tax for the Financial Year ended 31st March 2019. Total equity of the Company increased from Rs. 518.51 Million to Rs. 528.76 Million as reflected in the Financial Statements as at 31st March 2019. Figures shown herein are extracted from Audited Published Financial Statements and the Board of Directors has decided to recommend a Dividend to its Shareholders as a combination of Cash & Scrip dividends.

SCRIP DIVIDEND FOR THE FINANCIAL YEAR 2018/19

After providing for the 14% dividend tax, to issue 1,163,830 new ordinary shares valued at Rs. 25/- per share to its shareholders at the end of trading on 26th September 2019 (Date of Annual General Meeting "AGM") in the proportion of 0.0343999821 shares for every one (1) share held at the end of trading on the Colombo Stock Exchange as of the date of AGM, subject to approval of shareholders. This will amount to a dividend of Rs. 1/- per share on the existing 33,832,285 shares, less 14% dividend tax.

Further, the company has sought approval from the Shareholders of the Company to make changes to the existing Articles of association to accommodate declaration of scrip dividends by way of a special resolution to be passed at an Extra- ordinary General meeting to be held before the AGM on 26th September 2019 and the above scrip dividend declaration will be subject to approval of the said special resolution.

The remaining balance arising from the aggregation of the residual fractions ("fractional shares") consequent to the Scrip Dividend shall be disposed in the Market and resulting proceeds will be disbursed to charities and other donations in line with the Corporate Social Responsibility Policy of the Company. The residual fraction entitlement referred to herein shall mean the fraction arising after applying the following formula.

(Number of shares held by a shareholder as at end of trading on the AGM date) X 1 X 0.0343999821

After the Scrip Dividend the Stated Capital of the Company will increase from Rs. 355,622,230/- to Rs. 384,717,980/-. The shares arising upon Scrip Dividend will rank *pari passu* and shall carry the same rights enjoyed by the existing Ordinary Shares immediately after the allotment of Scrip Dividend shares. The Directors confirm that issue of shares by way of a Scrip Dividend is in compliance with the Articles of Association of the Company, the Companies Act, No. 7 of 2007 and Listings Rules of the Colombo Stock Exchange.

The proposed final Scrip Dividend will be funded by the Profits of the Financial Year 2018/19. The consideration for which the shares are to be issued will be Rs. 29,095,750/-. The Directors of the Company have conducted and are satisfied with the Solvency Test as required by the Section 57 of the Companies Act No. 7 of 2007. The resolution set-out in the Notice of Meeting is for the purpose of approving the payment of a combination of Cash & Scrip dividends.

In the event that the said resolution is approved by the shareholders at the AGM, the Central Depository Systems (Pvt) Ltd (CDS) accounts of Shareholders whose shares are deposited with the CDS would be directly uploaded with the new number of shares within seven (7) Market Days from and excluding the date on which the relevant resolution is passed.

Pursuant to the direction issued by Securities & Exchange Commission of Sri Lanka regarding the dematerializing of listed securities, shareholders who hold shares in certificate form, as per the Register of the Company will not be issued share certificates for the new shares be issued to them.

Such Shareholders are requested to deposit their share certificates in the CDS prior to the AGM which will enable the Company to directly deposit the Shares issued under the Scrip Dividend.

If a Shareholder fails to deposit the shares in the CDS prior to the date of AGM such shareholder's entitlement of new shares will be deposited by the Company after such Shareholder has opened a CDS account and has informed the Registrars to the Company, Mr. K.A.L. Rupasinghe of No. 6, Balahenamulla Lane, Kirulapone, Colombo 6 (Registrars to the Company) in writing of Shareholder's CDS account number. Until such CDS account is opened by a Shareholder as aforementioned, the new shares that are allotted will be registered in such Shareholder's account in the Share Register maintained by the Registrars to the Company. Consequent to the opening of the CDS account by such Shareholder, the new shares will be credited to the relevant CDS account.

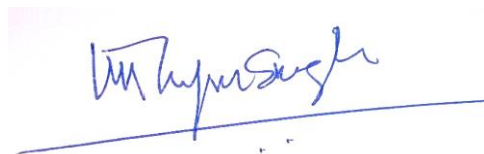
In determining the number of shares held by a Shareholder as at the relevant date for the proposed Scrip Dividend, the shareholding of the shareholder as appearing in the Central Depository Systems (Pvt) Ltd and the Shareholders' register maintained by the Company, will not be aggregated for the purpose of calculation. However, if a shareholder holds shares with multiple stock brokers, the shares held with multiple brokers will be aggregated for calculation purpose and the shares arising as a result of Scrip Dividend will be uploaded proportionately to the respective CDS accounts held with each such broker.

Approval in-principal has been obtained from Colombo Stock Exchange for the Scrip Dividend.

In the opinion of the Board, the consideration for which the shares are to be issued is fair and reasonable to the Company and to all its existing shareholders.

Members who are unable to attend the meeting in person are requested to complete the form of proxy (in accordance with instructions specified therein) and deposit it at the office of the Registrars to the Company, Mr. K.A.L. Rupasinghe of No. 6, Balahenamulla Lane, Kirulapone, Colombo 6 not later than 48 hours before the time appointed for the meeting.

By order of the Board



Lakshman Rupasinghe FCA
Company Secretary
Mahaweli Coconut Plantations Limited
(Reg. No. SEC/1(b) (11) 2007/308)

Colombo, 5th September 2019