

Changhong Jiahua Holdings Limited

(“CHANGHONG JH”)

DIVIDEND POLICY

1. PURPOSE

This Dividend Policy aims to set out the principles and guidelines that Changhong Jiahua Holdings Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) intends to apply in relation to the declaration, payment or distribution of its profits, or from any contributed surplus which the directors of the Company determine is no longer needed, as dividends to the shareholders of the Company.

2. PRINCIPLES AND GUIDELINES

2.1 The Board adopts the policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

2.2 The Company does not have any pre-determined dividend distribution ratio.

2.3 The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the provisions of the Bye-laws of the Company and all applicable laws and regulations and the factors set out below.

2.4 The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- operations conditions and strategies;
- earnings;
- financial condition;
- cash requirements and availability;
- capital expenditure;
- future development requirements;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

2.5 Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;

- special dividend; and
- any distribution of profits that the Board may deem appropriate.

2.6 Any final dividend for a financial year will be subject to shareholders' approval.

2.7 The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

2.8 As provided in bye-law 140 of the Bye-laws, any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company.

3. REVIEW OF THE POLICY

The Board will review this Policy as appropriate from time to time.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.

March 2020