

China Baofeng (International) Limited
(Incorporated in the Cayman Islands with limited liability)
("Company")
(Stock Code: 3966)

Dividend Policy

(Amended by the Company on 12 July 2019)

1. Objective

The objective of this policy is to provide guidelines to the board of directors ("**Board**") of the Company in respect of proposed declaration and payment of dividends by the Company.

2. Applicable laws and regulations

- 2.1. The proposed declaration and payment of dividends by the Board shall be subject to the Companies Law of Cayman Islands ("**Company Law**") and the articles of association of the Company (the "**Articles**") applicable from time to time.
- 2.2. Subject to the Company Law and the Articles, the Company may from time to time declare dividends in any currency to be paid to the members in general meetings of the Company but no dividend shall be declared in excess of the amount recommended by the Board.
- 2.3. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits, investment plan and capital commitment of the Company. In particular (but without prejudice to the generality of the provisions in relation to the dividends set out in the Articles), if at any time the share capital of the Company is divided into different classes (including shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend), the Board may pay such interim dividends in respect of those shares, and provided that the Board acts bona fide, the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justify such payment.

3. Proposed declaration of dividends

- 3.1. The Board may consider the declaration of dividend at the Board meeting approving the annual or interim results or any other Board meeting at which the declaration, recommendation or payment of a dividend is expected to be discussed.
- 3.2. Dividends shall be paid out of the profits of the Company, realized or unrealized, or from any reserves set aside from profits which the Board determine is no longer needed. With the sanction of any ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Company Law.

- 3.3. When taking into account the declaration of dividends, the Board of the Company shall also ensure that, after declaration and payment thereof, the Company shall have sufficient working capital to meet its requirements for at least 12 months from the date of the payment of dividends.
- 3.4. The following factors shall also be taking into account when considering declaration of dividends:
 - (1) Profits of the Company as set out consolidated financial statements of the Company in its annual or interim results;
 - (2) The operational environment and strategies of the Company; and
 - (3) The capital requirements and source and costs of fund of the Company for the coming financial year.

4. Mode of dividend payment

- 4.1. Upon passing of the resolution in respect of the proposed declaration of dividends by the Board, the Board may further resolve to determine whether the dividends be satisfied wholly or in part by distribution of specific assets of any kind, including cash or paid up shares, debentures or warrants to subscribe for securities of the Company, or in any one or more of such ways.

5. Amendments to this policy

Any amendment to this policy must be approved by the Board.