

YiChangHECChangJiang Pharmaceutical Co., Ltd.

(the

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(Stock Code: 01558)

DIVIDEND POLICY

(Adopted by the Company pursuant to the Board resolution passed on 14 December 2018)

1. PURPOSE

Subject to Articles of Association of the Company, this Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

2. PRINCIPLES AND GUIDELINES

2.1 The board of directors adopt the policy that, in recommending the declaration of 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 do not have any pre-determined dividend payout ratio.

2.3 The Board is responsible for submitting recommendations in respect of dividend payments, if any, to the shareholders, subject to the Articles of the Association 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 Company and its subsidiaries (collectively, the Group) when considering to recommend the declaration and payment of dividends:

Distributable profits;

Financial condition;

Cash flow;

Expected future capital expenditure;

Return to the shareholders;

Capital requirements;

Finance costs;

The external financing environment; and

any other factors that the directors may deem relevant.

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

interim dividend;

final dividend;

special dividend; and

any distribution of net profits that the Board may deem appropriate.

2.6 Dividends shall be distributed by the Company to its shareholders in proportion to their respective shareholdings according to the resolutions adopted at the

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 Any dividend unclaimed shall be forfeited and shall be reverted to the Company in accordance with the Articles of Association of 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 Policy, the Chinese version shall prevail.