



MEIGU Technology Holding Group Limited

美固科技控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8349)

(the “**Company**”)

DIVIDEND POLICY

1. Objective

It is the policy of the board of director (the “**Board**”) of MEIGU Technology Holding Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), in recommending dividends, to allow shareholders of the Company (the “**Shareholders**”) to participate in the Company’s profits and for the Company to retain adequate reserves for future growth.

2. Determination Mechanism

Subject to the approval of the Shareholders and requirement of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group. The target annual dividend payout shall not exceed 30% of the consolidated annual net profits (excluding extraordinary items, if any) attributable to the Shareholders, taking into consideration the criteria described below. The remaining net profits will be used for Group’s development and operations. This policy allows the Company to declare special dividends from time to time in addition to the annual dividends.

In proposing any dividend payout, the Board shall also take into account, inter alia:

- (a) the Company’s actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the level of the Group’s debts to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- (e) the Group’s expected working capital requirements and future expansion plans;
- (f) general economic conditions, business cycle of the Group’s business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- (g) any other factors that the Board deem appropriate.

Any final dividends declared by the Company must be approved by an ordinary resolution of Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim dividends as appear to the directors to be justified by the profits of the Group.

3. Approval and Payment Procedures

Details of the procedures have been set out in Articles 154 to 168 of the Company's Articles of Association posted on the website of the Company.

4. Review and Monitor of this Policy

This policy and the declaration and/or payment of future dividends under this policy are subject to the Board's continuing determination that this policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders. The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy.

The form, frequency and amount of dividend payment by the Company are subject to any restrictions under the Cayman Islands laws and the Company's Articles of Association. The Board reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel this policy at any time, and this policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

5. Disclosure of this Policy

A summary of this policy will be disclosed in the Annual Report.

31 December 2018