

Modern Chinese Medicine Group Co., Ltd.

現代中藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1643)

(the “**Company**”, together with its subsidiaries, the “**Group**”)

DIVIDEND POLICY

*(Adopted by the Company at a meeting of the board of directors
of the Company on 18 December 2020)*

1. PURPOSE

This dividend policy (the “**Dividend Policy**”) sets out the general policy and factors taken into account by the Company in proposing a dividend and in determining the dividend amount.

2. DIVIDEND POLICY

- 2.1 Any declaration and payment of the dividend by the Company is subject to any restrictions under the Companies Laws of the Cayman Islands, the Articles of Association of the Company and any applicable laws and regulations.
- 2.2 The declaration of dividends is subject to the discretion of the board of directors of the Company (the “**Board**”), and, any declaration of final dividend for the year will be subject to the approval of the shareholders of the Company.
- 2.3 The Board may recommend a payment of dividend after taking into account factors such as the results of operations, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by the Company, future prospects and other factors the Board considers relevant. Subject to the above, the Board intends to recommend dividends of approximately 30% of the Group’s profit and total comprehensive income after tax available for distribution to the Shareholders in a financial year. Any declaration and payment of future dividends under the Dividend Policy are subject to the Board’s satisfaction that the same would be in the best interests of the Group and the shareholders of the Company as a whole.
- 2.4 Any declarations of dividends may or may not reflect the historical declarations of dividends and will be at the absolute discretion of the Board.
- 2.5 Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the operations of the Group.

3. REVIEW OF THE DIVIDEND POLICY

The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend or modify the Dividend Policy at any time as it sees fit and necessary.

4. DISCLOSURE OF THE DIVIDEND POLICY

The Dividend Policy will be disclosed in the corporate governance report in the annual report of the Company.