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## **BENG SOON MACHINERY HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1987)**

### **ADOPTION OF DIVIDEND POLICY**

This announcement is made by Beng Soon Machinery Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). The Company is pleased to announce that the board of directors of the Company (the “**Board**”) has approved and adopted a dividend policy on 27 March 2020 (the “**Dividend Policy**”) with immediate effect.

#### **1. PURPOSE**

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 profits, realized or unrealized, or from any reserve set aside from profits 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 In considering the payment of dividends, there shall be a balance between retaining adequate reserves for the Group’s future growth and rewarding the Company’s shareholders.
- 2.2 In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors before declaring or recommending dividends:
  - (a) the Company’s actual and expected financial performance;
  - (b) retained earnings and distributable reserves 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 contracting parties;

- (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 or 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 may deem appropriate.

The Company does not have any pre-determined dividend distribution ratio. The declaration and payment of dividends by the Company shall be determined at the sole discretion of the Board and subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's articles of association.

The Dividend 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.

### **3. REVIEW OF THE DIVIDEND POLICY**

The Board will continually review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and modify the Dividend Policy at any time. There can be no assurance that dividends will be paid in any particular amount for any given period.

### **4. DISCLOSURE OF THE DIVIDEND POLICY**

The Company shall disclose the policy on payment of dividend in its annual report.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**BENG SOON MACHINERY HOLDINGS LIMITED**  
**TAN CHEE BENG**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 March 2020

*As at the date of this announcement, the Company's Board of Directors comprises the following members: (a) Mr. Tan Chee Beng (who is also the Chairman and Chief Executive Officer of the Company), Mr. Tan Wei Leong and Ms. Tang Ling Ling as Executive Directors; (b) Mr. Cheung Kam Fai as Non-executive Director; and (c) Mr. Wee Chorng Kien, Mr. Leung Kee Wai and Mr. Leung Yau Wan John as Independent Non-executive Directors.*