

SMC Electric Limited

蜆壳電業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2381)

WHISTLEBLOWING POLICY

(Amended on 15 December 2022 by the Board)

1. INTRODUCTION

The Company is committed to the highest possible standards of openness, probity and accountability. In line with this commitment, the Company has setup a policy for the employees (“**Employees**”) and related third parties (e.g. customers and suppliers, etc.) (“**Third Parties**”) of the Company and its subsidiaries (the “**Group**”) who have concerns about possible improprieties in financial reporting or internal control matters within the Company to come forward and voice their issues (the “**Policy**”).

2. AUTHORITY

Pursuant to the Code D.3.7 of Corporate Governance Code, Appendix 14 (“**CG Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the audit committee of the Company (“**Audit Committee**”) should review arrangements by which Employees may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.

3. SCOPE AND NATURE OF COMPLAINTS

This policy applies to Employees at all levels and divisions (including executive directors and non-executive directors) and Third Parties. Reportable incidents include but not limited to concerns regarding the Group’s improprieties in financial reporting, accounting, auditing or internal controls.

4. PROTECTION AND SUPPORT FOR COMPLAINANT

Persons making appropriate complaints under the Policy (the “**Complainant**”) are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated.

Persons who victimise or retaliate against any Complainant will be subject to disciplinary actions.

5. RESPONSIBILITY FOR IMPLEMENTATION OF POLICY

Audit Committee has an overall responsibility for overseeing, monitoring and reviewing the operation of this policy and any recommendations for actions resulting from investigations. The Audit Committee can delegate the day-to-day responsibility for overseeing and implementing it to the Chairman of the Company (the “**Chairman**”).

Management must ensure that all Employees and Third Parties feel able to raise concerns without fear of reprisals. All Employees and Third Parties may take steps to report any misconduct or malpractice in financial reporting or internal control matters of which they become aware. If any Employee or Third Parties has any questions about the contents or application of this policy, please contact the Chairman, Mr. Yung Kwok Kee, Billy, of the Company at billy.yung@smc.com.hk.

6. MISCONDUCT AND MALPRACTICE

While the Company does not need every Complainant to have absolute proof of the misconduct or improprieties of the financial reporting and internal control matters reported, the report must show the reasons for the concerns. If any Employee or Third Parties makes a report in good faith then, even if it is not confirmed by an investigation, such concerns would be valued and appreciated.

7. FALSE REPORT

If a report submitted by a Complainant is found maliciously false, with an ulterior motive, without reasonable grounds that the information in the report is accurate or reliable, or for personal gain, the Company reserves the right to discipline such Complainant, including the possibility of dismissal.

8. MAKING A REPORT

An Employee / a Third Party who has a legitimate complaint can raise his/her concerns to:

- a) his/her line manager (or his/her superior) within the department. The line manager concerned should raise the matter to the Chairman who will then forward a copy of the same to the Audit Committee Chairman; or
- b) The Chairman, Mr. Yung Kwok Kee, Billy, at billy.yung@smc.com.hk who will then forward a copy of the same to the Audit Committee Chairman; or
- c) The Audit Committee Chairman, Mr. Leung Man Chiu, Lawrence at lawrence_mcleung@yahoo.com.hk;

In the report, a Complainant should provide full details and, where possible, supporting evidence.

9. CONFIDENTIALITY

The Company will make every effort to keep confidential of the identities of all Complainants. In order not to jeopardise the investigation, every Complainant should also keep confidential about the fact that he/she has filed a report, the nature of his/her concerns and the identity(ies) of those involved.

There may be circumstances in which, because of the nature of the investigation, it will be necessary to disclose a Complainant's identity. If such circumstances exist, the Company will endeavour to inform such Complainant that his/her identity is likely to be disclosed. If it is necessary for such Complainant to participate in an investigation, the fact that he/she made the original disclosure will, so far as is reasonably practicable, be kept confidential. However, it is also possible that his/her role as the Complainant could still become apparent to third parties during investigation.

Equally, should an investigation lead to a criminal prosecution, it may become necessary for a Complainant to provide evidence or be interviewed by the law enforcement authorities (“**Authorities**”). In these circumstances, the Company will, once again, endeavour to discuss with such Complainant the implications for confidentiality.

The Complainant should, however, know that in some circumstances, the Company may have to refer the matter to the Authorities without prior notice or consultation with him/her.

10. ANONYMOUS REPORT

An anonymous allegation will be much more difficult for the Company to follow up as it is impossible to obtain further information from an anonymous Complainant and make a proper assessment.

The Complainant is strongly encouraged to provide his/her name and contact details, so that clarification of the reports made or further appropriate information can be obtained from him/her, where required.

11. INVESTIGATION PROCEDURES

The Chairman will acknowledge receipt of the Complainant's report within 5 working days:

- Acknowledging the report has been received;
- Advising whether or not the matter will be investigated;
- Giving an estimate of how long the investigation will take to provide a final response;

The Chairman will evaluate every report received to decide if a full investigation is necessary and decide how the investigation should proceed.

A final report, with recommendations for change (if appropriate), will be produced to Audit Committee. Audit Committee will review the final report and will make recommendations to the Board.

The Complainant will receive in writing the outcome of the investigation. Because of legal constraints, the Company will not be able to give the Complainant details of the action taken or a copy of the report.

The format and length of an investigation will vary depending upon the nature and particular circumstances of each complaint made.

12. MONITORING THE POLICY AND PROCEDURE

The use and effectiveness of this Policy will be monitored and reviewed regularly by the Audit Committee. Any amendment to this Policy must be approved by the Board of Directors of the Company.

This Policy is prepared in both Chinese and English. In the event of any inconsistency between the English and Chinese versions, the English version shall prevail.

APPENDIX I
POLICY REPORT FORM
CONFIDENTIAL

The Company is committed to the highest possible standards of openness, probity and accountability. In line with this commitment, the Company has setup a policy for the Employees of the Group who have concerns about possible improprieties in financial reporting or internal control matters within the Company to come forward and voice their issues.

It is recognised that in most cases the person raising concerns will wish to be dealt with on a confidential basis. All reasonable efforts will therefore be made to avoid revealing the person's identity. Once this form is completed, this report becomes confidential.

To: Audit Committee Chairman, Mr. Leung Man Chiu, Lawrence (lawrence_mcleung@yahoo.com.hk)/the Chairman of the Company, Mr. Yung Kwok Kee, Billy (billy.yung@smc.com.hk)/

From:

Name:

Address:

Tel no.:

Email:

Date:

The names of those involved (if known):

Details of concerns:

Please provide full details of your concerns: names, dates and places and the reasons for the concerns (continue on separate sheet if necessary) together with any supporting evidence.