SMC ELECTRIC LIMITED
蜆殼電業有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2381)

PROFIT WARNING

This announcement is made by SMC Electric Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2026 and the information currently available to the Board, the Group is expected to record a loss attributable to owners of the Company between HK$2,000,000 and HK$5,000,000 for the six months ended 30 June 2026, as compared to a profit of approximately HK$12,896,000 for the six months ended 30 June 2025. The Board considered that the turnaround from profit to loss was primarily attributable to a significant decline in gross profit. The significant decline in gross profit was primarily attributable to (i) the adverse impact of the conflicts between the United States and Iran, which resulted in the cessation of sales to the Middle East market and increases in the costs of various raw materials that the Group procured; (ii) delays in the shipment of certain new product originally scheduled for the first half of the year due to update to the product design resulting in the relevant delivery (and hence the revenue recognition) being deferred to the second half of the year; and (iii) weakened market demand arising from the challenging economic environment, which led to a reduction in customer orders.

The Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2026. The information contained in this announcement is only a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2026, which have not been reviewed by the the audit committee of the Board, and is subject to possible adjustments. Details of the financial information and performance of the Group for the six months ended 30 June 2026 will be disclosed in the interim results announcement of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2026, which is expected to be published by the end of August 2026.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

On behalf of the Board
SMC ELECTRIC LIMITED
YUNG Kwok Kee, Billy
Non-Executive Director and Chairman

Hong Kong, 16 July 2026

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. LEUNG Chun Wah, Mr. TANG Che Yin and Mr. CHOW Kai Chiu, David; two non-executive directors, namely, Mr. YUNG Kwok Kee, Billy and Ms. LI Pik Mui, Cindy; and three independent non-executive directors, namely, Mr. LEUNG Man Chiu, Lawrence, Mr. POON Chak Sang, Plato and Mr. HO Chi Sing, Spencer.