TINNO 天珑

MEGA NOVA HOLDINGS LIMITED
星兆控股有限公司
(Incorporated in Hong Kong with limited liability)

SMC ELECTRIC LIMITED
蜆壳電業有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2381)

JOINT ANNOUNCEMENT

(1) AGREEMENT IN RELATION TO THE ACQUISITION OF SALE SHARES BY MEGA NOVA HOLDINGS LIMITED (2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF MEGA NOVA HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF SMC ELECTRIC LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND OFFEROR CONCERT PARTIES) AND (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Exclusive Financial Adviser to the Offeror

CITIC SECURITIES

CITIC SECURITIES (HONG KONG) LIMITED

Financial Adviser to the Company

SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

紅日資本有限公司
RED SUN CAPITAL LIMITED

THE SALE AND PURCHASE AGREEMENT

The Board was informed by the Seller (a controlling shareholder of the Company) that on 31 July 2026 (after trading hours), the Offeror and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares, being 1,400,000,000 Shares (representing 70% of the total issued Shares as at the date of this joint announcement), for a total Consideration of HK$154,000,000, equivalent to HK$0.11 per Sale Share.

Completion shall take place on the fifth Business Day after the date of fulfilment (or waiver) of the Conditions (other than Conditions that shall be fulfilled on the Completion Date) or on any other date that may be agreed in writing between the Seller and the Offeror.

SPECIAL DIVIDEND

The Company intends to declare a Special Dividend in an amount of approximately HK$91,500,000 (equivalent to a Special Dividend of HK$0.04575 per Share) before Completion. It is expected that the Special Dividend will be declared to those Shareholders whose names are on the register of members of the Company on the Record Date, being a date that will be prior to the Completion Date.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, none of the Offeror and the Offeror Concert Parties owns (or has control or direction over) any Shares or any other convertible securities, options, warrants or derivatives in the Company, other than the Seller which owns 1,500,000,000 Shares (representing 75% of the total issued Shares as at the date of this joint announcement). As the Retained Shares are subject to the Lock-up Undertaking under the Sale and Purchase Agreement, the Seller is presumed to be acting in concert with the Offeror under Note 8 to Rule 22 of the Takeovers Code for the period of the Lock-up Undertaking. Immediately following the Completion, (i) the Offeror and the Offeror Concert Parties (other than the Seller) will be interested in 1,400,000,000 Shares (representing 70% of the total issued Shares as at the date of this joint announcement); and (ii) the Seller will remain interested in 100,000,000 Retained Shares (representing 5% of the total issued Shares as at the date of this joint announcement).

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the Offeror Concert Parties).

Subject to Completion, CLSA will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

The Offer

For each Offer Share . . . . HK$0.11 in cash

Pursuant to the Takeovers Code, the Offer Price must not be lower than the purchase price per Sale Share payable by the Offeror to the Seller under the Sale and Purchase Agreement. The Offeror has therefore decided to set the Offer Price at HK$0.11. The Offer will be extended to all Shareholders other than the Offeror and the Offeror Concert Parties in accordance with the Takeovers Code.

The Offeror will not increase the Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Value of the Offer

As at the date of this joint announcement, there are 2,000,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK$0.11 per Offer Share and 600,000,000 Shares that will be subject to the Offer, the Offer would be valued at HK$66,000,000.

Confirmation of Financial Resources

The Offeror intends to finance the total Consideration payable under the Sale and Purchase Agreement and the Offer by way of its internal financial resources and/or external debt financing which may be entered into subsequent to the date of this joint announcement.

The total Consideration payable under the Sale and Purchase Agreement by the Offeror is HK$154,000,000, of which the Deposit of HK$10,000,000 shall be paid by the Purchaser to the Seller on Monday, 3 August 2026, and the remaining Consideration payable by the Offeror amounts to HK$144,000,000.

On the basis that: (i) the Sale Shares will be held by the Offeror upon Completion; (ii) there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer; and (iii) the Retained Shares held by the Seller (which is presumed to be acting in concert with the Offeror) will not be tendered for acceptance under the Offer, the full acceptance of the Offer will involve 500,000,000 Shares, and on the basis of the Offer Price of HK$0.11 per Offer Share, the maximum consideration payable by the Offeror under the Offer would be HK$55,000,000.

CITICS HK, the exclusive financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration payable for the Sale Shares under the Sale and Purchase Agreement and the consideration payable upon full acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors who have no direct or indirect interest in the Offer, namely Ms. Li Pik Mui Cindy, a non-executive Director, and Mr. Leung Man Chiu Lawrence, Mr. Poon Chak Sang Plato and Mr. Ho Chi Sing Spencer, each an independent non-executive Director, has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Mr. Yung, a non-executive Director, is the ultimate beneficial owner of the Seller and therefore he is not a member of the Independent Board Committee.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to Rules 8.2 and 8.4 of the Takeovers Code, within 21 days of the date of this joint announcement or such later date as the Executive may approve, an offer document is required to be despatched to the Shareholders, and the Company is required to send the offeree board circular in respect of the Offer to the Shareholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the respective boards of the Offeror and the Company to combine the offer document and the offeree board circular into a composite document. It is expected that, the Composite Document (accompanied by the Form of Acceptance) containing, inter alia, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, will be despatched to the Independent Shareholders within 21 days of the date of this joint announcement unless the Executive grants a consent for extension. As the making of the Offer is conditional upon Completion (which in turn is conditional upon fulfilment or waiver (as may be applicable) of the Conditions), an application will be made by the Offeror to seek the Executive's consent under Rule 8.2 of the Takeovers Code (which may or may not be granted) to extend the deadline for the despatch of the Composite Document. Further announcement(s) regarding the delay in despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

WARNING

The Offer is a possible mandatory unconditional cash offer and will only be made if the Completion takes place. Completion is subject to fulfilment and/or waiver, as applicable, of the Conditions. Accordingly, the Completion may or may not take place and the Offer may or may not be made. The issue of this joint announcement does not in any way imply that the Offer will be made. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, providing the information relating to the Offer to the Shareholders and potential investors of the Company. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser in respect of the Offer.

Shareholders and/or potential investors should exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

THE SALE AND PURCHASE AGREEMENT

The Board was informed by the Seller (a controlling shareholder of the Company) that on 31 July 2026 (after trading hours), the Offeror and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares, being 1,400,000,000 Shares (representing 70% of the total issued Shares as at the date of this joint announcement), for a total Consideration of HK$154,000,000, equivalent to HK$0.11 per Sale Share.

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date: 31 July 2026

Parties:

(1) Mega Nova Holdings Limited (as the purchaser)

(2) Shell Electric Holdings Limited (as the Seller)

Subject Matter

The Offeror has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares, being 1,400,000,000 Shares (representing 70% of the total issued Shares of the Company as at the date of this joint announcement), for a total Consideration of HK$154,000,000, equivalent to HK$0.11 per Sale Share.

The Sale Shares to be acquired by the Offeror shall be free from all encumbrances with all rights attaching to them on or after the date of the Sale and Purchase Agreement, including all rights to any dividend or other distribution declared, made or paid after the date of the Sale and Purchase Agreement, save for the Special Dividend.

The Offeror shall not be obliged to complete the purchase of any of the Sale Shares unless the sale and purchase of all Sale Shares is completed simultaneously in accordance with the Sale and Purchase Agreement.

Consideration

The total Consideration payable for the Sale Shares is HK$154,000,000 (i.e. the Consideration for each Sale Share is HK$0.11), which was agreed between the Seller and the Offeror after arm's length negotiations, taking into account the prevailing closing prices of the Shares and the financial information of the Group.

The Consideration shall be paid by the Offeror to the Seller in the following manner:

(a) a deposit of HK$10,000,000 (the "**Deposit**") shall be paid by the Purchaser to the Seller on Monday, 3 August 2026; and

(b) the remaining sum of HK$144,000,000 shall be paid at Completion.

The Deposit shall be refundable in circumstances specified under the Sale and Purchase Agreement.

The Seller has informed the Offeror that the Company intends to declare a conditional special dividend in an amount of approximately HK$91,500,000 (equivalent to a Special Dividend of HK$0.04575 per Share) before Completion (the "**Special Dividend**"). The Special Dividend is subject to the Completion taking place. As such, the Record Date for determining which Shareholders are entitled to receive such dividend will be prior to the Completion Date.

Conditions precedent

Completion is conditional upon each of the following conditions having been fulfilled or, where applicable, waived:

(a) all necessary consents, approvals, waivers and clearances from any Competent Authority or other third party as may be required in connection with the sale and purchase of the Sale Shares having been obtained pursuant to the relevant Laws;

(b) the declaration of the Special Dividend, with the ex-dividend date and Record Date to be determined and fixed on the date of such declaration, each date falling prior to Completion, payable to the Shareholders whose names are entered in the register of members of the Company on such Record Date;

(c) the existing banking facilities pursuant to (i) the facility granted by Hang Seng Bank Limited to SMC Electric (HK) Limited (a wholly owned subsidiary of the Company) and (ii) the facility granted by The Hongkong and Shanghai Banking Corporation Limited to SMC Electric (HK) Limited, Shell Electric Mfg. (China) Co Ltd, Quanta Global Limited and Speed Power Limited (each a wholly owned subsidiary of the Company) (collectively, the "**Existing Banking Facilities**") having been terminated and cancelled and all guarantees granted by the Company in connection with the Existing Banking Facilities having been fully released and discharged;

(d) there having been no Material Adverse Change since the date of the Sale and Purchase Agreement;

(e) there having been no matter (whether existing or occurring on the date of the Sale and Purchase Agreement or arising or occurring afterwards) that:

  (i) constitutes a breach by the Seller of the Sale and Purchase Agreement; or

  (ii) would constitute a breach of any of the warranties by the Seller; and

(f) the Shares remaining listed and traded on the Stock Exchange, and no notification or indication being received from the Stock Exchange or the SFC prior to Completion that the listing and/or trading of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended (excluding any halt or suspension for the purpose of obtaining clearance from the SFC or the Stock Exchange relating to, among other things, the transactions contemplated under the Sale and Purchase Agreement).

The Offeror may, in its sole discretion, waive either in whole or in part at any time by notice in writing to the Seller any of the Conditions.

As at the date of this joint announcement, none of the Conditions have been fulfilled. As at the date of this joint announcement, no specific consents, approvals, waivers and clearances from any Competent Authority or other third party has been identified as being required under the Condition set out in paragraph (a) above.

In the event of the Conditions (other than paragraphs (d), (e) and (f) which shall be fulfilled on Completion Date) not having been fulfilled (or waived) on or before the 60th day after the date of the Sale and Purchase Agreement (or any other date as may be agreed in writing between the Offeror and the Seller) (the "**Long Stop Date**"), the Offeror shall not be bound to proceed with the sale and purchase of the Sale Shares, and the Sale and Purchase Agreement shall cease to be of any effect on the Long Stop Date, save for the surviving terms which shall remain in full force and effect and none of the parties shall have any claim against the other in respect of the Sale and Purchase Agreement save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement by either party.

Completion

Completion shall take place on the fifth Business Day after the date of fulfilment (or waiver) of the Conditions (other than Conditions that shall be fulfilled on the Completion Date) or on any other date that may be agreed in writing between the Seller and the Offeror (the "**Completion Date**").

Lock-up Undertaking and Retained Shares

Pursuant to the Sale and Purchase Agreement, the Seller has agreed that, without the prior written consent of the Offeror, the Seller shall not tender the Retained Shares for acceptance under the Offer, and, whether directly or indirectly, at any time during the period of eighteen (18) months commencing on and including the Completion Date: (i) dispose of, transfer, sell, assign, pledge, charge, create any encumbrance over, or otherwise deal with, in any way, any of the 100,000,000 Retained Shares or any interest therein (including any security convertible into or exchangeable or exercisable for, or that represents a right to receive, any Retained Shares); (ii) enter into any transaction directly or indirectly with the same economic effect as any of the transactions referred to in paragraph (i); or (iii) agree or contract to, or publicly announce any intention to, enter into any transaction described in paragraphs (i) or (ii) (the "**Lock-up Undertaking**").

Transition Period

Pursuant to the Sale and Purchase Agreement, the Seller has undertaken that, for a period of three (3) years from the Completion Date (the "**Transition Period**"), it shall, and shall procure that each other member of the Seller Group shall, take all reasonable measures and endeavours to maintain the ordinary course operations of the Group consistent with past practice in all material respects and to ensure a smooth transition of the business of the Group, including not to do, allow or procure any act or omission that would reasonably be expected to cause a Material Adverse Change or a breach of any applicable Laws.

Under the Sale and Purchase Agreement, the Seller has agreed to indemnify the Offeror in respect of any indemnifiable losses, being all losses incurred, suffered or sustained by the Offeror or the relevant Group Company (as the case may be), relating to, resulting from or arising out of (i) any breach of the Seller's representations, warranties, covenants and undertakings under the Sale and Purchase Agreement, (ii) any failure of the Seller to perform its obligations under the Sale and Purchase Agreement, and (iii) certain historical matters relating to the operation of the Group, unless the aggregate amount of such indemnifiable losses, (a) in respect of the Company, exceed the amount of HK$10,000, and (b) in respect of all subsidiaries of the Company combined, exceed the amount of HK$100,000,000, save in respect of any claim arising from fraud, wilful misconduct and gross negligence which cannot lawfully be excluded or limited. The Seller's maximum aggregate liability arising out of or in connection with the Sale and Purchase Agreement shall not exceed the Consideration paid by the Offeror under the Sale and Purchase Agreement except that this limitation shall not apply to liability arising from fraud, wilful misconduct, gross negligence and other specific payment obligation of the Seller under the Sale and Purchase Agreement.

SPECIAL DIVIDEND

The Company intends to declare a Special Dividend in an amount of approximately HK$91,500,000 (equivalent to a Special Dividend of HK$0.04575 per Share) before Completion. It is expected that the Special Dividend will be declared to those Shareholders whose names are on the register of members of the Company on the Record Date, being a date that will be prior to the Completion Date. As such, the Seller will be entitled to the Special Dividend in respect of the Sale Shares and the Retained Shares pro rata to its shareholding in the Company as at the Record Date. The payment of the Special Dividend is conditional on the Completion taking place but not dependent on whether the Offer is made. If the Sale and Purchase Agreement does not proceed to Completion, the Special Dividend will not be paid.

As required under the Takeovers Code, the Offeror consents to the declaration of such Special Dividend if so declared by the Board. The Offeror confirms that no reduction will be made to the Offer Price after the declaration and/or payment of the Special Dividend, and the Offer Price will remain unchanged whether or not the Special Dividend is declared and/or paid.

Subject to the declaration by the Board, further announcement(s) will be made by the Company in respect of the Record Date, the payment date of the Special Dividend and closure of register of members of the Company for determining the Shareholder's entitlement to the Special Dividend in accordance with Rule 13.66 of the Listing Rules.

For the avoidance of doubt, any Shareholder whose name appears on the Company's principal or branch share register on the Record Date and subsequently accepts the Offer would still be entitled to the Special Dividend.

RENEWAL OF THE EXISTING CT AND CCT AGREEMENTS

Existing CT and CCT Agreements

As at the date of this joint announcement, the Group and the Seller Group have the following subsisting agreements for connected transactions and continuing connected transactions of the Group:

Partially exempt connected transactions

(a) the factory premises rental agreement dated 16 December 2024 between 佛山市順德區蜆華多媒體製品有限公司 (Shunde SMC Multi-Media Products Company Limited*) (i.e. MMSD), a wholly owned subsidiary of the Seller (as landlord) and 廣東蜆壳家電有限公司 (SMC Electric (China) Limited*), a wholly owned subsidiary of the Company (i.e. SMC Electric China) (as tenant) in respect of the premises at 3rd Floor, Block A, No. 18 San Le Dong Road, Bei Jiao Industrial Park, Shunde District, Foshan City, the PRC;

(b) the tenancy agreement dated 16 December 2024 between Shell Electric Holdings Limited (i.e. the Seller) (as landlord) and SMC Electric (HK) Limited, a wholly owned subsidiary of the Company (as tenant) in respect of the portions of the 1st Floor, 4th Floor and 6th Floor and two car parking spaces located at Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong;

Fully exempt continuing connected transactions

(c) the dormitory rental agreement dated 16 December 2024 between MMSD (as landlord) and SMC Electric China (as tenant) in respect of employee dormitory spaces situated in the living quarters at No. 18 San Le Dong Road, Bei Jiao Industrial Park, Shunde District, Foshan City, the PRC;

(d) the catering services agreement dated 16 December 2024 between MMSD (as service provider) and SMC Electric China (as recipient) in respect of the provision of catering services to the staff of the SMC Electric China;

(e) the framework supply agreement dated 16 December 2024 between PFC Device Holdings Limited, a wholly owned subsidiary of the Seller (as supplier) and SMC Electric Limited (i.e. the Company) (as purchaser) in respect of the supply of semiconductors by the PFC Device Holdings Limited group to the Group;

(f) the framework supply agreement dated 10 September 2025 between SMC Multi-Media (H.K.) Limited, a wholly owned subsidiary of the Seller (as supplier) and SMC Electric Limited (i.e. the Company) (as purchaser) in respect of the supply of LED parts by the SMC Multi-Media (H.K.) Limited group to the Group;

(g) the trademarks licence agreement dated 16 December 2024 between Sunny Resource Limited, a wholly owned subsidiary of the Seller (as licensor) and SMC Electric Holdings Limited, a wholly owned subsidiary of the Company (as licensee) in respect of the grant of a licence to the Group to use certain trademarks owned by Sunny Resource Limited; and

(h) the patents licence agreement dated 16 December 2024 between Sunny Resource Limited (as licensor) and SMC Electric Holdings Limited (as licensee) in respect of the grant of a licence to the Group to use certain patents owned by Sunny Resource Limited.

Renewal Agreements

As the Offeror intends to continue the existing arrangements under the Existing CT and CCT Agreements between the Group and the Seller Group for at least the Transition Period, under the Sale and Purchase Agreement, the Seller has agreed to procure the relevant member of the Seller Group to enter into the Renewal Agreements on or before the date of expiry of the Existing CT and CCT Agreements to renew each of the above Existing CT and CCT Agreements for a term of three years commencing on 1 January 2027. Further announcements will be made by the Company in respect of such transactions in accordance with the Listing Rules as and when appropriate.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, none of the Offeror and the Offeror Concert Parties owns (or has control or direction over) any Shares or any other convertible securities, options, warrants or derivatives in the Company, other than the Seller which owns 1,500,000,000 Shares (representing 75% of the total issued Shares as at the date of this joint announcement). As the Retained Shares are subject to the Lock-up Undertaking under the Sale and Purchase Agreement, the Seller is presumed to be acting in concert with the Offeror under Note 8 to Rule 22 of the Takeovers Code for the period of the Lock-up Undertaking. Immediately following the Completion, (i) the Offeror and the Offeror Concert Parties (other than the Seller) will be interested in 1,400,000,000 Shares (representing 70% of the total issued Shares as at the date of this joint announcement); and (ii) the Seller will remain interested in 100,000,000 Retained Shares (representing 5% of the total issued Shares as at the date of this joint announcement).

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the Offeror Concert Parties).

Subject to Completion, CLSA will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

The Offer

For each Offer Share .... HK$0.11 in cash

Pursuant to the Takeovers Code, the Offer Price must not be lower than the purchase price per Sale Share payable by the Offeror to the Seller under the Sale and Purchase Agreement. The Offeror has therefore decided to set the Offer Price at HK$0.11. The Offer will be extended to all Shareholders other than the Offeror and the Offeror Concert Parties in accordance with the Takeovers Code.

The Offeror will not increase the Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and interests attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. As at the date of this joint announcement, save for the Special Dividend, the Company does not have any dividend or distribution recommended, declared or made but unpaid and has no intention to make any distribution or declare dividends before the close of the Offer. No reduction will be made to the Offer Price after the declaration and/or payment of the Special Dividend, and the Offer Price will remain unchanged whether or not the Special Dividend is declared and/or paid.

Save for the 2,000,000,000 Shares in issue as at the date of this joint announcement, there are no outstanding Shares, options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). The Offer will be unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares.

The Offer Price

The Offer Price of HK$0.11 per Share represents:

(a) a discount of approximately 65.63% to the closing price of HK$0.320 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 66.36% to the average closing price of approximately HK$0.327 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(c) a discount of approximately 65.08% to the average closing price of approximately HK$0.315 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 61.27% to the average closing price of approximately HK$0.284 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and

(e) a premium of approximately 74.60% over the audited consolidated net asset value attributable to owners of the Company of approximately HK$0.063 per Share as at 31 December 2025 calculated based on the information as set out in the Company's annual report for the year ended 31 December 2025.

Highest and Lowest Closing Prices of Shares

During the six-month period ended on and including the Last Trading Day, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$0.350 per Share on 24 July 2026 and HK$0.127 per Share on 23 March 2026, respectively.

Value of the Offer

As at the date of this joint announcement, there are 2,000,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK$0.11 per Offer Share and 600,000,000 Shares that will be subject to the Offer, the Offer would be valued at HK$66,000,000.

Confirmation of Financial Resources

The Offeror intends to finance the total Consideration payable under the Sale and Purchase Agreement and the Offer by way of its internal financial resources and/or external debt financing which may be entered into subsequent to the date of this joint announcement.

The total Consideration payable under the Sale and Purchase Agreement by the Offeror is HK$154,000,000, of which the Deposit of HK$10,000,000 shall be paid by the Purchaser to the Seller on Monday, 3 August 2026, and the remaining Consideration payable by the Offeror amounts to HK$144,000,000.

On the basis that: (i) the Sale Shares will be held by the Offeror upon Completion; (ii) there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer; and (iii) the Retained Shares held by the Seller (which is presumed to be acting in concert with the Offeror) will not be tendered for acceptance under the Offer, the full acceptance of the Offer will involve 500,000,000 Shares, and on the basis of the Offer Price of HK$0.11 per Offer Share, the maximum consideration payable by the Offeror under the Offer would be HK$55,000,000.

CITICS HK, the exclusive financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration payable for the Sale Shares under the Sale and Purchase Agreement and the consideration payable upon full acceptance of the Offer.

Effect of Accepting the Offer

By validly accepting the Offer, the Independent Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions (but excluding the Special Dividend), if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of the Composite Document. Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a representation and warranty by such person that all Shares sold by such person under the Offer are free from all encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made. As at the date of this joint announcement, save for the Special Dividend, the Company has not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions before the close of the Offer.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.10% (or part thereof) of the market value of the Shares or the consideration payable in respect of the relevant acceptance by the Independent Shareholders, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK$1, the stamp duty would be rounded-up to the nearest HK$1). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror Concert Parties, CITICS HK, CLSA, the Seller, Somerley and their respective directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Payment in cash in respect of the acceptances of the Offer, will be made as soon as possible but in any event, no later than seven (7) business days (as defined under the Takeovers Code) after the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by the Offeror or the receiving agent to render each such acceptance of the Offer complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration will be rounded up to the nearest cent.

Overseas Shareholders

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions.

Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholders in respect of such jurisdictions).

If the receipt of the Composite Document by Overseas Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent (which may or may not be granted), may not be despatched to such Overseas Shareholders. In those circumstances, the Offeror will apply for any waivers pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

DEALING AND INTERESTS IN THE SECURITIES OF THE COMPANY

The Offeror confirms that, as at the date of this joint announcement:

(a) other than the Seller which owns the Sale Shares and the Retained Shares, none of the Offeror or the Offeror Concert Parties owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(b) save for the sale and acquisition of the Sale Shares under the Sale and Purchase Agreement and any dealings on behalf of non-discretionary clients of the CITICS group, none of the Offeror or the Offeror Concert Parties has dealt in the Shares, options, derivatives, warrants or other securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of Takeovers Code) during the six-month period prior to and including the date of this joint announcement;

(c) save for the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;

(d) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(e) none of the Offeror or the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(f) save for the Retained Shares that are subject to the Lock-up Undertaking under the Sale and Purchase Agreement, none of the Offeror or the Offeror Concert Parties has received any irrevocable commitment to accept or reject the Offer;

(g) none of the Offeror or the Offeror Concert Parties has entered into any arrangements or contracts in relation to any outstanding derivatives in respect of securities in the Company;

(h) other than the Consideration for the Sale Shares under the Sale and Purchase Agreement, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Seller or parties acting in concert with it in connection with the sale and purchase of the Sale Shares;

(i) save for the Sale and Purchase Agreement and the intended renewal of the Existing CT and CCT Agreements, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or the Offeror Concert Parties on the one hand and the Seller or parties acting in concert with it on the other hand; and

(j) save for the Sale and Purchase Agreement and the continuation of any pre-existing employment contracts between members of the Group and employees who are also Shareholders, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder and (ii) the Offeror or the Offeror Concert Parties.

The Company confirms that, as at the date of this joint announcement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder and (ii) the Company, its subsidiaries or associated companies.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2381). The Group is principally engaged in manufacturing and selling of electric tools and sourcing and selling of electric fans.

Set out below is certain financial information from the audited consolidated results of the Group for each of the two financial years ended 31 December 2024 and 2025, as extracted from the annual reports of the Company for the years ended 31 December 2024 and 2025, respectively.

	For the year ended 31 December	
	2025	**2024**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	217,822	257,278
Profit before income tax	11,244	31,076
Income tax expense	(1,766)	(4,716)
Profit for the year attributable to owners of the Company	9,478	26,360

The audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2025 were approximately HK$125,348,000, equivalent to approximately HK$0.063 per Share.

Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement and immediately prior to Completion; and (ii) immediately after Completion and before the Offer (assuming no other changes to the issued share capital of the Company from the date of this joint announcement):

	As at the date of this joint announcement and immediately prior to Completion		**Immediately after Completion and before the Offer**	
Shareholders	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Offeror and the Offeror Concert Parties (other than the Seller) *(Notes 1 & 2)*	–	–	1,400,000,000	70
Seller *(Note 3)*	1,500,000,000	75	100,000,000	5
Sub-total of Offeror and the Offeror Concert Parties	**1,500,000,000**	**75**	**1,500,000,000**	**75**
Independent Shareholders	500,000,000	25	500,000,000	25
Total	2,000,000,000	100	2,000,000,000	100

Notes:

1. CITICS HK is the exclusive financial adviser to the Offeror in respect of the Offer. Accordingly, CITICS HK and persons controlling, controlled by or under the same control as CITICS HK (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Offeror in respect of the Company in accordance with Class (5) of the definition of "acting in concert" under the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them by the CITICS HK group will be obtained as soon as possible after this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the CITICS HK group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, Shares or derivatives in respect of Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the CITICS HK group.

2. As the Retained Shares are subject to the Lock-up Undertaking under the Sale and Purchase Agreement, the Seller is presumed to be acting in concert with the Offeror under Note 8 to Rule 22 of the Takeovers Code for the period of the Lock-up Undertaking.

3. As at the date of this joint announcement, the Seller is directly held as to 80.5% by Red Dynasty Investments Limited, which in turn is directly wholly owned by Mr. Yung. The remaining 19.5% interest in the Seller is owned as to (i) 12.9% in aggregate by the late Mrs. Yung Ho Wun Ching (being the late mother of Mr. Yung) (the "**Late Madam Yung**"), among which 10.2% is held by the executor(s) of the estate of the Late Madam Yung and the remaining 2.7% is directly owned by the Late Madam Yung; (ii) 4.7% by Mr. Yung Kwok Choi, Simon (brother of Mr. Yung); (iii) 0.0004% by Ms. Yung Claudia Natalie (daughter of Mr. Yung); and (iv) 1.8996% by over 60 individuals and entities that are third party(ies) independent of and not connected with the Company and any of its connected persons (within the meaning of the Listing Rules), are not Offeror Concert Parties, and are not involved in the Sale and Purchase Agreement.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability on 7 July 2026 for the purpose of initially holding the Sale Shares and acting as the offeror in connection with the Offer, and in the long term engaging in investment and general trading.

As at the date of this joint announcement, the Offeror is indirectly wholly owned by 深圳市天瓏移動技術有限公司 (Shenzhen Tinno Mobile Technology Co., Ltd.*) (i.e. Tinno Mobile), principally engaged in the research, development, manufacture and sale of telecommunications equipment and electronics, which is in turn owned as to (i) 97.0149% by 天瓏科技集團股份有限公司 (Tinno Technology Group Co., Ltd.*) (stock code: 400059.NQ) (i.e. Tinno Technology), whose controlling shareholder is Winsang Technologies Limited 永盛科技有限公司 (holding 45.1348% interest in Tinno Technology), which is in turn owned as to 44.51% by Lin Man Hung, 12.89% by Lin Wentan, 12.89% by Cai Yingying, 14.86% by Lin Zhendong and 14.86% by Lin Meina; and (ii) 2.9851% by 宜賓市產業投資集團有限公司 (Yibin Industrial Investment Group Co., Ltd.*) which is ultimately owned as to 90% by 宜賓市政府國有資產監督管理委員會 (Yibin Municipal Government State-owned Assets Supervision and Administration Commission*) and 10% by 四川省財政廳 (Sichuan Provincial Department of Finance*).

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing businesses of the Group. As at the date of this joint announcement, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group. Based on the review results, the Offeror will formulate business strategies together with the existing management of the Group, which may include exploring and developing new business opportunities with a view of achieving business growth of the Group.

Other than the proposed change of composition of the Board as set out below and subject to the terms and conditions of the Sale and Purchase Agreement, the Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or reallocate the Group's assets which are not in the ordinary and usual course of business of the Group. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

Proposed Change of Composition of the Board

The Board is currently made up of eight Directors, comprising 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 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.

It is intended that all Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the first closing date of the Offer).

The Offeror intends to nominate new Director(s) to the Board no earlier than the date of posting of the Composite Document. As at the date of this joint announcement, the Offeror has not reached any final decision as to who will be nominated as new Director(s) and the timing for the nomination to take effect. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

Public Float and Maintaining the Listing Status of the Company

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange.

The Stock Exchange has stated that:

(a) if, upon closing of the Offer, the Stock Exchange believes that:

- a false market exists or may exist in the Shares; or

- an orderly market does not exist or may not exist,

it will consider exercising its discretion to suspend dealing in the Shares; and

(b) if, at the close of the Offer, the Company has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the Shares; and

- the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall until the prescribed level of public float is restored.

The Offeror and the new Directors to be appointed no earlier than the posting of the Composite Document will jointly and severally undertake to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of Rule 13.32B of the Listing Rules, they will take appropriate steps, which may include but not limited to placing down sufficient number of Shares, as soon as possible following the close of the Offer to ensure the Company's compliance with Rule 13.32B at the earliest possible moment.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors who have no direct or indirect interest in the Offer, namely Ms. Li Pik Mui Cindy, a non-executive Director, and Mr. Leung Man Chiu Lawrence, Mr. Poon Chak Sang Plato and Mr. Ho Chi Sing Spencer, each an independent non-executive Director, has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Mr. Yung, a non-executive Director, is the ultimate beneficial owner of the Seller and therefore he is not a member of the Independent Board Committee.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to Rules 8.2 and 8.4 of the Takeovers Code, within 21 days of the date of this joint announcement or such later date as the Executive may approve, an offer document is required to be despatched to the Shareholders, and the Company is required to send the offeree board circular in respect of the Offer to the Shareholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the respective boards of the Offeror and the Company to combine the offer document and the offeree board circular into a composite document. It is expected that, the Composite Document (accompanied by the Form of Acceptance) containing, inter alia, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, will be despatched to the Independent Shareholders within 21 days of the date of this joint announcement unless the Executive grants a consent for extension. As the making of the Offer is conditional upon Completion (which in turn is conditional upon fulfilment or waiver (as may be applicable) of the Conditions), an application will be made by the Offeror to seek the Executive's consent under Rule 8.2 of the Takeovers Code (which may or may not be granted) to extend the deadline for the despatch of the Composite Document. Further announcement(s) regarding the delay in despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders and in respect of the Offer, before deciding whether or not to accept the Offer.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code) of the Offeror and the Company (including but not limited to their respective holders having interests of 5% or more of any class of relevant securities of the Company) are reminded to disclose their dealings in the relevant securities in the Company in accordance with Rule 22 of the Takeovers Code, save that disclosure of dealings in the relevant securities of the Company by a person who is an associate (as defined under the Takeovers Code) of the Offeror by virtue only of class (6) of the definition of associate is not required since the Offer will be solely in cash.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than $1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

INSIDE INFORMATION ANNOUNCEMENT

Reference is made to the profit warning announcement dated 16 July 2026 published by the Company, which contains (among others) the expected 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 (the "**Unaudited Loss Range**"). In accordance with Rule 10.3(d) of the Takeovers Code, except with the consent of the Executive, the Unaudited Loss Range constitutes a profit forecast made before the date of this joint announcement, which must be examined, repeated and reported on in this joint announcement.

Given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code and needs additional time to engage its financial adviser and auditors to prepare the relevant reports on the Unaudited Loss Range. In accordance with Rule 10.4 of the Takeovers Code and Practice Note 2 issued by the SFC, the Unaudited Loss Range should be reported on as soon as reasonably practicable and the relevant reports should be contained in the next document to be sent to the Shareholders by the Company (i.e. the Composite Document).

In the event that the Composite Document is sent to the Shareholders prior to the publication of the interim results of the Company for the six months ended 30 June 2026, the Unaudited Loss Range will be reported on in accordance with Rule 10.4 of the Takeovers Code as soon as reasonably practicable by the Company's financial adviser and auditors and the relevant reports will be contained in the Composite Document. However, in the event that the interim results of the Company for the six months ended 30 June 2026, to which the Unaudited Loss Range relates and which fall within the ambit of Rule 10.9 of the Takeovers Code, are published prior to the despatch of the Composite Document and the relevant interim results together with the notes to the financial statements are incorporated by reference in the Composite Document, the requirements to report on the Unaudited Loss Range under Rule 10.4 of the Takeovers Code will no longer apply.

WARNING: The Unaudited Loss Range does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should exercise caution in placing reliance on the Unaudited Loss Range in assessing the merits and demerits of the Offer. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt about their positions should consult their professional advisers.

WARNING

The Offer is a possible mandatory unconditional cash offer and will only be made if the Completion takes place. Completion is subject to fulfilment and/or waiver, as applicable, of the Conditions. Accordingly, the Completion may or may not take place and the Offer may or may not be made. The issue of this joint announcement does not in any way imply that the Offer will be made. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, providing the information relating to the Offer to the Shareholders and potential investors of the Company. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser in respect of the Offer.

Shareholders and/or potential investors should exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the meanings set out below in this joint announcement:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate(s)"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and public holiday in Hong Kong) on which banks generally are open in Hong Kong for the transaction of normal banking business
"CITICS HK"	CITIC Securities (Hong Kong) Limited, a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, an indirect wholly owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030), being the exclusive financial adviser to the Offeror in respect of the Offer
"CLSA"	CLSA Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, an indirect wholly owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030), being the agent making the Offer on behalf of the Offeror
"Company"	SMC Electric Limited (蜆壳電業有限公司) (Stock Code: 2381), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

"Competent Authority"	any supra-national, national, state, municipal or local government (including any sub-division, court, administrative agency or commission or other authority of any supra-national, national, state, municipal or local government) or any governmental or quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority (including any tribunal, securities exchange, competition or antitrust authority, foreign investment authority, or supervisory body)
"Completion"	completion of the sale and purchase of all the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT – Completion" in this joint announcement
"Composite Document"	the composite offer and response documents proposed to be jointly issued by the Offeror and the Company together with the Form of Acceptance to the Shareholders in connection with the Offer in compliance with the Takeovers Code
"Condition(s)"	the condition(s) precedent to the Completion under the Sale and Purchase Agreement
"Consideration"	HK$154,000,000, being the aggregate consideration to be paid by the Offeror to the Seller for the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Deposit"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT – Consideration" in this joint announcement
"Director(s)"	the director(s) of the Company

"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Existing Banking Facilities"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT" in this joint announcement
"Existing CT and CCT Agreements"	has the meaning ascribed to it under the section headed "RENEWAL OF THE EXISTING CT AND CCT AGREEMENTS" in this joint announcement
"Form of Acceptance"	the form of acceptance and transfer of the Offer Shares in respect of the Offer
"Group"	the Company and its subsidiaries, and "Group Company", "Group Companies" and "member of the Group" shall be construed accordingly. For the avoidance of doubt, the Company is a Group Company and a member of the Group
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board comprising Ms. Li Pik Mui Cindy, a non-executive Director, and Mr. Leung Man Chiu Lawrence, Mr. Poon Chak Sang Plato and Mr. Ho Chi Sing Spencer, each an independent non-executive Director, established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the Offer is fair and reasonable and as to acceptance of the Offer
"Independent Financial Adviser"	Red Sun Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and as to the acceptance of the Offer

"Independent Shareholders"	the Shareholders other than the Offeror and the Offeror Concert Parties
"Last Trading Day"	31 July 2026, the last trading day for the Shares immediately prior to the publication of this joint announcement
"Law"	any regulation, statute, law (including common law), subordinate legislation, act, treaty, ordinance, decree, directive, rule, circular, code, order, recommendation, notice, direction, code of practice, judgement or decision enacted, issued or promulgated by, or entered into with, any Competent Authority which, for the avoidance of doubt, includes the Listing Rules and the Takeovers Code
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lock-up Undertaking"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT – Lock-up Undertaking and Retained Shares" in this joint announcement
"Long Stop Date"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT – Conditions Precedent" in this joint announcement
"Material Adverse Change"	(a) in respect of the Conditions or the warranties given by the Seller under the Sale and Purchase Agreement, any matter that has or will have or would reasonably be expected to have, either individually or in the aggregate with all other matters, a material adverse effect (to the extent defined in the Sale and Purchase Agreement) on (i) the business, assets, liabilities, properties, condition (financial or otherwise), results of operations, operations or prospects of the Company (or any other Group Company) up to the time of Completion (and if applicable after the Completion, SMC Holdings Group or any SMC Holdings Group Company); or

(b) in respect of the Transition Period, any matter that has or will have or would reasonably be expected to have, either individually or in the aggregate with all other matters, a material adverse effect (to the extent defined in the Sale and Purchase Agreement) on the business, assets, liabilities, properties, condition (financial or otherwise), results of operations, operations or prospects of any member of the group of companies comprising SMC Holdings Group including any such change, event, circumstance or other matter that alone or together causes, or would reasonably be expected to cause:

(i) the SMC Holdings Group's consolidated earnings before interest, taxes, and non-cash items such as depreciation, depletion and amortisation (EBITDA) for any of the financial years ending 31 December 2026, 2027 and 2028 as shown in the relevant accounts prepared in accordance with the relevant accounting standards being a negative figure; or

(ii) the SMC Holdings Group's consolidated gross revenue being below (A) HK$110 million for the financial year ending 31 December 2026, or (B) HK$60 million for the financial year ending 31 December 2027, in each case as shown in the relevant accounts prepared in accordance with the relevant accounting standards

"MMSD" 佛山市順德區蜆華多媒體製品有限公司 (Shunde SMC Multi-Media Products Company Limited*), an indirect wholly owned subsidiary of the Seller

"Mr. Yung" Mr. Yung Kwok Kee Billy, the chairman of the Board, a non-executive Director and an ultimate beneficial owner of the Seller

"Offer"	the possible mandatory unconditional cash offer to be made by CLSA on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and the Offeror Concert Parties)
"Offer Period"	the period commencing on 31 July 2026, being the date of this joint announcement, and ending on the date when the Offer closes or lapses
"Offer Price"	the price at which the Offer is made, being HK$0.11 per Offer Share
"Offer Share(s)"	all of the Share(s) in issue, other than those already owned and/or agreed to be acquired by the Offeror and/or the Offeror Concert Parties
"Offeror"	Mega Nova Holdings Limited 星兆控股有限公司, a company incorporated in Hong Kong with limited liability, which as at the date of this joint announcement, is indirectly wholly owned by Tinno Mobile which is in turn owned as to 97.0149% by Tinno Technology, for further details, please refer to the section headed "INFORMATION ON THE OFFEROR" in this joint announcement
"Offeror Concert Parties"	any parties acting, or presumed to be acting, in concert with the Offeror, Tinno Mobile and/or Tinno Technology under the definition of "acting in concert" under the Takeovers Code (including the Seller for the period of the Lock-up Undertaking)
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"Record Date"	the date for determining the entitlements of the Shareholders to the Special Dividend

"Renewal Agreements"	the agreements to be entered into between the Company or the relevant SMC Holdings Group Company and the relevant member of the Seller Group for the purpose of renewing the Existing CT and CCT Agreements for a term of three financial years commencing on 1 January 2027 and ending on 31 December 2029
"Retained Shares"	the 100,000,000 Shares held by the Seller, representing 5% of the entire issued share capital of the Company as at the date of this joint announcement
"Sale and Purchase Agreement"	the sale and purchase agreement dated 31 July 2026 entered into between the Seller and the Offeror for the sale and purchase of the Sale Shares
"Sale Shares"	1,400,000,000 Shares (representing 70% of the total issued Shares as at the date of this joint announcement) to be sold by the Seller to the Offeror pursuant to the Sale and Purchase Agreement, and each a "Sale Share"
"Seller"	Shell Electric Holdings Limited (蜆殼電器控股有限公司), a company incorporated under the laws of Bermuda, which as at the date of this joint announcement, is directly held as to 80.5% by Red Dynasty Investments Limited, which in turn is directly wholly owned by Mr. Yung, for further details, please refer to the section headed "INFORMATION ON THE GROUP – Shareholding Structure of the Company" in this joint announcement
"Seller Group"	the group of companies comprising the Seller, any holding company or ultimate beneficial owner from time to time of the Seller and any subsidiary of the Seller or of any such holding company including Mr. Yung but excluding each Group Company

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares from time to time
"SMC Electric China"	廣東蜆壳家電有限公司 (SMC Electric (China) Limited*), an indirect wholly owned subsidiary of the Company
"SMC Holdings Group"	the group of companies comprising SMC Electric Holdings Limited (a direct wholly owned subsidiary of the Company) and its subsidiaries and "member of the SMC Holdings Group" and "SMC Holdings Group Company" shall be construed accordingly
"Somerley"	Somerley Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Company in respect of the Offer
"Special Dividend"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT – Consideration" in this joint announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Tinno Mobile"	深圳市天瓏移動技術有限公司 (Shenzhen Tinno Mobile Technology Co., Ltd.*), which indirectly wholly owns the Offeror and is in turn owned as to 97.0149% by Tinno Technology as at the date of this joint announcement

"Tinno Technology"	天瓏科技集團股份有限公司 (Tinno Technology Group Co., Ltd.*) (stock code: 400059.NQ), which owns 97.0149% of Tinno Mobile as at the date of this joint announcement
"Transition Period"	has the meaning ascribed to it under the section headed "THE SALE AND PURCHASE AGREEMENT – Transition Period" in this joint announcement
"%"	per cent.

By order of the sole director	By order of the Board
MEGA NOVA HOLDINGS LIMITED	**SMC ELECTRIC LIMITED**
Lin Zhendong	**Yung Kwok Kee Billy**
Sole Director	*Non-Executive Director and Chairman*

Hong Kong, 31 July 2026

As at the date of this joint announcement, the Board comprises Mr. Leung Chun Wah, Mr. Tang Che Yin and Mr. Chow Kai Chiu David as executive Directors, Mr. Yung Kwok Kee Billy (Chairman) and Ms. Li Pik Mui Cindy as non-executive Directors, and Mr. Leung Man Chiu Lawrence, Mr. Poon Chak Sang Plato and Mr. Ho Chi Sing Spencer as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and the Offeror Concert Parties, but including the Seller) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the directors of the Offeror, Tinno Mobile and Tinno Technology) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, (i) the sole director of the Offeror is Mr. Lin Zhendong; (ii) the board of directors of Tinno Mobile comprises Mr. Lin Zhendong (Chairman), Mr. Liu Yang, Ms. Zhao Yan, Mr. Liu Jianyun and Mr. Lin Man Hung; and (iii) the board of directors of Tinno Technology comprises Mr. Lin Man Hung (Chairman), Mr. Lin Zhendong, Ms. Zhao Yan, Mr. Lin Wentan, Mr. Liu Jianyun, Mr. Dou Zhiming, Mr. Qin Zhiguang and Mr. Li Biao.

The directors of the Offeror, Tinno Mobile and Tinno Technology jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group and the Seller) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

In the event of any inconsistency, the English text of this joint announcement shall prevail over its Chinese text.

* *For identification purpose only*