



**SMC ELECTRIC LIMITED**

**蜆壳電業有限公司**

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

**(Stock Code: 2381)**

## **BOARD DIVERSITY POLICY**

(Adopted on 29 April 2020 by the Board)

### **1. PURPOSE**

It is a requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including the Corporate Governance Code as set out in Appendix 14 thereto, that the nomination committee (the “**Nomination Committee**”) of SMC Electric Limited (the “**Company**”) shall have a policy concerning diversity of board members (the “**Policy**”).

The Company recognises and embraces the benefits of having a diverse board of directors (the “**Board**”) to enhance its operating results and quality of its performance.

The purpose of this Policy is to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

### **2. POLICY STATEMENT**

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### **3. NOMINATION AND APPOINTMENTS**

Board nomination and appointments will continue to be made on merit basis based on its business needs from time to time while taking into account diversity.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to this Policy in selection of board candidates.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity. The Nomination Committee will monitor the implementation of this Policy.

The Board will ensure that appropriate disclosures are made in the annual report of the Company regarding Board diversity.

#### **4. MEASUREABLE OBJECTIVES**

Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board.

#### **5. GENDER DIVERSITY**

Currently the Board does not have female directors. In recognising the particular importance of gender diversity, the nomination committee will identify and recommend at least one female candidate to the Board for consideration of her appointment as a Director within two years from the Listing Date. The Company will commit to look for suitable female candidates to join the Group and to provide career development and training programmes to the Group's female staff such that they will be eligible for managerial and board-level position in foreseeable future.

#### **6. MONITORING AND REPORTING**

The Nomination Committee is responsible for reviewing the policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives.

The Nomination Committee shall review this Policy and the measurable objectives from time to time to ensure the continued effectiveness of the Board.

The Nomination Committee will report annually, in the Company's corporate governance report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

#### **7. DISCLOSURE OF THIS POLICY**

A summary of this Policy, including any measurable objects that it has set for implementing this policy, and progress on achieving those objectives will be disclosed in the Company's corporate governance report incorporated into the annual report and/or as required under the Listing Rules.

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.