

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of SMC Electric Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020, together with the unaudited comparative figures for the six months ended 30 June 2019 and certain comparative figures as at the end of the last audited financial year ended 31 December 2019. The condensed consolidated statement of comprehensive income of the Group for the six months ended 30 June 2020 and the condensed consolidated statement of financial position of the Group as at 30 June 2020, along with selected explanatory notes have not been audited, but have been reviewed by the Company’s audit committee.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June 2020 HK\$'000 (Unaudited)	Six months ended 30 June 2019 HK\$'000 (Unaudited)
	<i>Notes</i>		
Revenue	4	116,620	152,143
Cost of revenue		<u>(80,173)</u>	<u>(104,006)</u>
Gross profit		36,447	48,137
Other income		2,989	3,945
Selling and distribution expenses		(1,245)	(1,849)
Administrative and other operating expenses		(13,743)	(12,089)
Listing expenses		(4,822)	(4,828)
Finance costs		(192)	(310)
Other (losses)/gains		<u>(399)</u>	<u>1,491</u>
Profit before income tax	5	19,035	34,497
Income tax expense	6	<u>(4,381)</u>	<u>(6,874)</u>
Profit for the period attributable to owners of the Company		<u>14,654</u>	<u>27,623</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising from translation of overseas operations		<u>(281)</u>	<u>(341)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>14,373</u>	<u>27,282</u>
		<i>HK Cents</i>	<i>HK Cents</i>
Earnings per share	8		
– Basic and diluted		<u>0.828</u>	<u>1.601</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,147	3,977
Right-of-use assets		1,497	3,005
Prepayments for acquisition of property, plant and equipment		14	506
		5,658	7,488
Current assets			
Inventories		11,091	15,385
Trade and other receivables, deposits and prepayments	9	94,700	91,301
Amount due from a fellow subsidiary		–	135,458
Cash and bank balances		73,970	19,291
		179,761	261,435
Current liabilities			
Trade and other payables and accruals	10	41,125	53,693
Lease Liabilities		1,539	3,066
Amounts due to ultimate holding company		481	6,499
Amounts due to fellow subsidiaries		288	326
Tax payable		13,274	10,934
Bank borrowings		8,539	14,572
		65,246	89,090
Net current assets		114,515	172,345
Total assets less current liabilities		120,173	179,833
Net assets		120,173	179,833
CAPITAL AND RESERVES			
Share capital	11	20,000	—
Reserves		100,173	179,833
Total equity		120,173	179,833

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. GENERAL INFORMATION

SMC Electric Limited was incorporated on 5 December 2018 in the Cayman Islands as an exempted company with limited liability. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 2 June 2020 (the “**Listing Date**”).

The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business is located at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong.

The Company is an investment holding company. The principal activities carried out by the Company and its subsidiaries are manufacturing and selling of electric tools and sourcing and selling of electric fans.

The Directors of the Company consider its ultimate holding company is Shell Electric Holdings Limited (“**Shell Holdings**”), a company incorporated in Bermuda. Shell Holdings and its subsidiaries are collectively referred to as “Shell Holdings Group”.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Pursuant to the reorganisation (the “**Reorganisation**”) as detailed in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 19 May 2020 (the “**Prospectus**”), the Company became the holding company of the companies now comprising the Group on 7 February 2020.

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the Accountants’ Report except for the adoption of new accounting policies as a result of completion of the Reorganisation as set out below and the adoption of new or amended HKFRSs as mentioned in note 3.

The financial information for the six months ended 30 June 2019 has been prepared on a carve-out basis from the consolidated financial statements of Shell Holdings for the purposes of presenting the financial position and financial performance and cash flows of the Electric Appliance Business by adopting the principles of merger accounting under Hong Kong Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA upon completion of the Reorganisation, the results of the subsidiaries are consolidated into the financial statements of the Company.

2. BASIS OF PREPARATION *(cont'd)*

The unaudited condensed consolidated interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the consolidated financial statements for the three years ended 31 December 2017, 2018 and 2019 as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Prospectus.

The unaudited condensed consolidated interim financial information have been prepared under the historical cost basis and presented in Hong Kong Dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

In preparing the unaudited condensed consolidated interim financial information, the significant judgment made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Accountants' Report.

3. ADOPTION OF NEW OR REVISED HKFRSs

During the current period, the Group has applied for the first time the following new standard, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of the above new or revised HKFRSs in the current period has no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

At the date of authorisation of the unaudited condensed consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the unaudited condensed consolidated financial statements of the Group.

4. REVENUE

The Group is principally engaged in the manufacturing and selling of electric tools and sourcing and selling of electric fans. Revenue from contracts with customers derived from the Group's principal activities comprises the following:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of electric fans and electric tools:		
– Fans	53,585	75,837
– Vacuum cleaners	43,147	43,332
– Work lights	17,432	30,853
– Others	2,456	2,121
	<u>116,620</u>	<u>152,143</u>

The Group's sales contracts generally have an original expected duration of one year or less and accordingly, the Group has applied the practical expedient in HKFRS 15 not to disclose the transaction price allocated to the remaining performance obligations for the contracts existed at the end of the reporting period.

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Cost of inventories recognised as expense		
– Carrying amount of inventories consumed	80,205	105,192
– Reversal of allowance for inventories	(32)	(1,186)
	<u>80,173</u>	<u>104,006</u>
Depreciation of property, plant and equipment	465	332
Depreciation of right-of-use assets	1,499	1,511
(Reversal of impairment loss)/Impairment loss on financial assets	(120)	10
Employee benefit expenses (including Directors' emoluments):		
– Salaries, wages and other benefits	11,405	13,810
– Contribution to defined contribution retirement plans	437	856
	<u>11,842</u>	<u>14,666</u>

6. INCOME TAX EXPENSE

The amount of income tax expense in the unaudited condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong Profits Tax		
– tax for the period	3,477	5,126
– over provision in respect of prior period	–	(165)
	<u>3,477</u>	<u>4,961</u>
– Other regions of the People's Republic of China ("PRC")		
– Enterprise Income Tax ("EIT")		
– tax for the period	904	1,913
	<u>–</u>	<u>–</u>
Deferred tax		
Income tax expense	<u><u>4,381</u></u>	<u><u>6,874</u></u>

Hong Kong Profit Tax is calculated at 16.5% (2019: two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25% whereas profits above HK\$2 million will be taxed at 16.5%) on the estimated assessable profits derived from Hong Kong for the period.

EIT arising from other regions of the PRC was calculated at 25% (2019: 25%) on the estimated assessable income for the period.

7. DIVIDEND

The Board does not declare the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil)

In February 2020, the Group effected a deemed distribution of approximately HK\$135,458,000 to settle the current account due from SMC Multi-Media Products Company Ltd.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company	<u>14,654</u>	<u>27,623</u>
	Six months ended 30 June	
	2020	2019
	Number of shares '000	Number of shares '000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period	<u>1,768,819</u>	<u>1,725,000</u>
	Six months ended 30 June	
	2020	2019
	In HK cents	In HK cents
	(Unaudited)	(Unaudited)
Basic earnings per share	<u>0.828</u>	<u>1.601</u>

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share represented the weighted average number of ordinary shares in issue during the current and last periods, after giving effect of the capitalisation issue, as if the capitalisation issue had occurred on 1 January 2019.

(b) Diluted earnings per share

The diluted earnings per share is the equal to the basic earnings per share as there were no potential dilutive ordinary shares in issue during the periods.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	72,874	61,761
Less: Provision for impairment	<u>(271)</u>	<u>(391)</u>
Trade receivables, net	72,603	61,370
Other receivables	3,080	668
Prepaid listing expenses	–	4,637
Other prepayments and deposits	<u>19,017</u>	<u>24,626</u>
	<u>94,700</u>	<u>91,301</u>

Included in the amount as at 30 June 2020 and 31 December 2019 were prepayment of HK\$15,940,000 and HK\$20,387,000 to the associate for purchases of goods.

The ageing analysis of the trade receivables (gross), based on invoice date, as of the end of each reporting period is as follows:

	30 June 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 30 days	14,724	16,977
31 to 60 days	15,474	11,419
61 to 90 days	23,792	10,666
Over 90 days	<u>18,884</u>	<u>22,699</u>
	<u>72,874</u>	<u>61,761</u>

The Group normally allows a credit period of 45 days to 180 days to its customers.

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
Trade payables	21,806	22,893
Accruals and other payables	17,185	27,785
Contract liabilities	2,134	3,015
	<u>41,125</u>	<u>53,693</u>

Credit periods granted by suppliers normally range from 0 to 120 days.

The ageing analysis of trade payables, based on invoice date, as of the end of each reporting period is as follows:

	30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
0 to 30 days	11,698	14,205
31 to 60 days	6,915	3,517
61 to 90 days	1,660	3,195
Over 90 days	1,533	1,976
	<u>21,806</u>	<u>22,893</u>

11. SHARE CAPITAL

Details of the movements in the authorised and issued and fully paid share capital of the Company during the period from 5 December 2018 (date of incorporation) to 31 December 2019 and the six months ended 30 June 2020 are summarised as follows:

Ordinary shares	Par value HK\$	Number of ordinary shares	Amount HK\$'000
Authorised:			
Upon incorporation and 31 December 2019 (Audited) (note a)	0.01	38,000,000	380
Increase in authorized share capital (note b)	0.01	4,962,000,000	49,620
At 30 June 2020 (Unaudited)	0.01	5,000,000,000	50,000
Issued and fully paid:			
Issue of share upon incorporation and 31 December 2019 (Audited) (note a)	0.01	1	–
Issue of shares under Share Swap Agreement (note c)	0.01	37,999,999	380
Issue of shares on listing (note d)	0.01	275,000,000	2,750
Issue of shares by Capitalisation of share premium (note e)	0.01	1,687,000,000	16,870
At 30 June 2020 (Unaudited)	0.01	2,000,000,000	20,000

Notes:

- (a) The Company was incorporated on 5 December 2018 with initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of par value HK\$0.01 each. On the same date, the Company allotted and issued one share at par to Reid Services Limited, which was subsequently transferred to Mr. Yung Kwok Kee Billy. The one share was subsequently transferred to Shell Holdings on 2 January 2019.
- (b) Pursuant to the written resolution passed by the then shareholders of the Company on 7 February 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into to 38,000,000 ordinary shares to HK\$50,000,000 divided into 5,000,000,000 ordinary shares by the creation of an additional 4,962,000,000 ordinary shares of HK\$0.01 each.
- (c) On 7 February 2020, a share swap agreement (the “**Share Swap Agreement**”) was entered into between Shell Holdings as vendor and the Company as purchaser pursuant to which Shell Holdings agrees to sell, and the Company agrees to purchase, the entire issued shares of SMC Electric Holdings Limited (the “**SMC Electric Holdings**”) from Shell Holdings. The Company allotted and issued 37,999,999 shares to the then shareholders of SMC Electric Holdings as consideration to acquire the entire interest of SMC Electric Holdings. The share premium arising of HK\$45,572,000 represented the difference between the investment cost of SMC Electric Holdings of approximately HK\$45,952,000 and the par value of the shares issued by the Company totalling HK\$380,000.
- (d) On 2 June 2020, the Company issued 275,000,000 new shares at HK\$0.25 per share comprising 125,000,000 new shares by way of placing and 150,000,000 new shares by the way of public offer.
- (e) Upon completion of issuing the new shares as mentioned in note(d) above, the Company issued 1,687,000,000 ordinary shares of HK\$0.01 each by the way of capitalising an amount of HK\$16,870,000 from the share premium account of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 2 June 2020, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the interim period just ended the dramatic impact caused by the widespread of COVID-19, and its prolonged disruption to global business and economic activities has had a negative effect on the Group's performance particularly in terms of sales towards the later part of this interim period compared to the same period in the prior year. Under the Group's sourcing and selling of electric fans business, sales revenue in the Middle East, Asia and Australia declined in the first half of 2020; only sales to Africa and Hong Kong maintained mild volume growth. Sales revenue of the manufacturing and selling of electric tools business also declined in the first half of 2020, mainly due to the decline in sales of lights and cordless fans. Overall, the Group was able to maintain a stable gross profit margin as a result of strict costs control and process.

We hope that the epidemic would ease off in the coming months, so that electric fans sales could gradually recover in the second half. The Group believes sales may improve in the electric tools business in the second half of 2020 as COVID-19 is mostly under control within China and much effort will be made to catch up, fulfil and ship orders which were behind schedule from the first half of 2020.

While there is no concrete sign of the COVID-19 global pandemic being contained in the year remaining, the Group expects that overall sales may not improve rapidly in light of such sluggish economic condition. Meanwhile, the Group intends to further improve risk management and operational efficiencies of the business; management will proactively pursue various avenues to further reduce risk. For example, investment in new leads generation and accounts development as well as incubate new opportunities in emerging markets. Currently, the electric tools business unit has signed non-disclosure agreements and provided preliminary pricing proposals to two, sizable, well-known customers.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's operations for the six months ended 30 June 2020 amounted to HK\$116.6 million, representing a decrease of HK\$35.5 million or 23.3% as compared to HK\$152.1 million for the corresponding period in 2019. Such decrease was primarily attributable to the decrease in the sales volume of electric tools.

The Group's gross profit for the six months ended 30 June 2020 amounted to HK\$36.4 million, representing a decrease of HK\$11.7 million as compared to HK\$48.1 million for the corresponding period in 2019. The gross profit margin for the six months ended 30 June 2020 was 31.3%, representing a decrease of 0.3 percentage points compared to 31.6% for the corresponding period in 2019. The Group's gross profit margin remained stable was mainly due to the strict and effective cost controls and processes.

Profit attributable to the owners of the Company for the six months ended 30 June 2020 was HK\$14.6 million, representing a decrease of HK\$13.0 million or 47.1% as compared to HK\$27.6 million for the corresponding period in 2019. The decrease in profit for the period was mainly attributable to the decrease of revenue as mentioned above.

Liquidity, Financial Resources and Capital Structure

The Group has adequate liquidity and financial resources to meet the working capital requirements and other financial obligations in the second half of the financial year. The Group will continue to follow a prudent treasury policy and maintain a healthy financial and liquidity position to achieve the Group's future business development. As at 30 June 2020, the Group's total cash and bank balances amounted to approximately HK\$74.0 million (31 December 2019: HK\$19.3 million) which is mainly denominated in Hong Kong dollars.

As at 30 June 2020, the current ratio of the Group was approximately 2.76 times (31 December 2019: approximately 2.93 times).

The capital of the Group comprises only ordinary shares. As at 30 June 2020, there were 2,000,000,000 ordinary shares in issue. There has been no change in the Company's capital structure since the date of listing and up to the date of this announcement.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong and the PRC. The functional currencies of the Company and the Group's operating entities or division are mainly HK\$ and Renminbi ("RMB") with certain of their business transactions being settled in foreign currencies. The Group is thus exposed to currency risk arising from fluctuation on exchange rates of foreign currencies, primarily United States dollars ("US\$") against the functional currencies of the relevant operating entities or division. During the period, the Group does not have foreign currency hedging policy, but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Gearing Ratio

The gearing ratio of the Group (expressed as a percentage of total bank borrowings net of cash and bank balances to total equity of the Group) as at 30 June 2020 was nil (31 December 2019: Nil) as the Group had net cash balances at the respective period end. As at 30 June 2020, the Group's total bank borrowings were approximately HK\$8.5 million (31 December 2019: HK\$14.6 million). All bank borrowings were denominated in US\$ and repayable within a year. The interest coverage ratio of the Group for the six months ended 30 June 2020, calculated by dividing profit before interest and tax expenses with interest expenses for the period, stood at 100.1 times (30 June 2019: 112.3 times).

Capital Expenditure and Capital Commitments

The capital expenditures of the Group amounted to approximately HK\$215,000 for the six months ended 30 June 2020 (30 June 2019: HK\$343,000) of purchases of moulds, tools and equipment.

As at 30 June 2020, the Group had total capital commitments of approximately HK\$3.33 million (31 December 2019: Nil) for the acquisition of property, plant and equipment.

Contingent Liabilities

The Directors confirm that there were no material contingent liabilities as at 30 June 2020 (31 December 2019: HK\$87,000,000). The Group is currently not involved in any material legal proceedings, nor are the Directors aware of any pending or potential material legal proceedings involving the Group.

Significant Investment/Material Acquisition and Disposal

During the period from the Listing Date to 30 June 2020, the Group had not made any significant investments or material acquisitions and disposal of subsidiaries.

Employees and Remuneration Policy

As at 30 June 2020, the total number of employees of the Group is 160 (31 December 2019: 163), which are stationed in the PRC and Hong Kong. The Group regularly reviews remuneration and benefits to its employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance, employee provident fund schemes and discretionary incentive.

PLEDGE ON ASSETS

As at 30 June 2020, the Group did not have any assets (31 December 2019: Nil) which were pledged as security for the Group's borrowings.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the share offer (after deducting the underwriting fees and related expenses) amounted to approximately HK\$42.5 million. The Directors had evaluated the Group's business plan and considered that, as at the date of this announcement, no modification of the business plan regarding the use of proceeds as described in the Prospectus of the Company date 19 May 2020 was required and the proceeds are to be used as intended according to the timeframe as disclosed in the Prospectus.

The Group had not utilized the net proceeds as at 30 June 2020. The unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong. Set out below is a summary of the utilisation of the net proceeds:

	Allocation of net proceeds <i>HK\$ million</i>	Actual utilised amount as at 30 June 2020 <i>HK\$ million</i>	Unutilised amount as at 30 June 2020 <i>HK\$ million</i>
Improvement of efficiencies	6.3	–	6.3
Expand manufacturing capabilities	25.9	–	25.9
Devoting resources on new products	10.3	–	10.3
	<u>42.5</u>	<u>–</u>	<u>42.5</u>

SHARE OPTION SCHEME

The Company has a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the shareholder of the Company on 29 April 2020.

No share option has been granted under the Share Option Scheme since its adoption.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date to 30 June 2020, neither the Company, nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the period from the Listing Date to 30 June 2020.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management and relevant employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to 30 June 2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period under review.

AUDIT COMMITTEE

The Company has established an audit committee comprising two independent non-executive directors and one non-executive director, namely Mr. Leung Man Chiu, Lawrence (Chairman), Mr. Poon Chak Sang Plato and Mr. Yung Kwok Kee Billy. The audit committee has reviewed, with no disagreement, with the senior management on the Group's interim results and the interim financial information for the six months ended 30 June 2020, including the accounting principles and practices adopted by the Group, and discussed financial reporting, auditing and internal controls matters.

CHANGE OF DIRECTORS' INFORMATION

On 21 July 2020, Mr. LEUNG Man Chiu, Lawrence resigned as a non-executive director of World Super Holdings Limited, whose shares are listed on the GEM of the Stock Exchange (stock code: 8612).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEXnews website of the Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company's website (<http://www.smcelectric.com.hk>). The 2020 Interim Report for the six months ended 30 June 2020 will be despatched to shareholders of the Company and will be made available on the above websites in due course.

By Order of the Board
SMC Electric Limited
LEUNG Chun Wah
Executive Director

Hong Kong, 27 August 2020

As at the date of this announcement, the Board comprises two executive directors, namely, Mr. LEUNG Chun Wah and Mr. TANG Che Yin; one non-executive director, namely, Mr. YUNG Kwok Kee, Billy; and three independent non-executive directors, namely, Mr. LEUNG Man Chiu, Lawrence, Mr. POON Chak Sang, Plato and Mr. LAM Sai Yu, Geoffrey.