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ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of SMC Electric Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Revenue	4	249,409	277,974
Cost of revenue		<u>(173,170)</u>	<u>(190,515)</u>
Gross profit		76,239	87,459
Other income		5,941	5,390
Selling and distribution expenses		(2,554)	(3,359)
Administrative and other operating expenses		(27,637)	(24,368)
(Impairment loss)/Reversal of impairment loss on financial assets		(92)	53
Listing expenses		(4,822)	(9,147)
Other (losses)/gains		(2,031)	1,628
Finance costs		<u>(208)</u>	<u>(649)</u>
Profit before income tax	5	44,836	57,007
Income tax expense	6	<u>(8,483)</u>	<u>(11,640)</u>
Profit for the year attributable to owners of the Company		<u>36,353</u>	<u>45,367</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>1,251</u>	<u>(487)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>37,604</u>	<u>44,880</u>
Earnings per share	8	HK Cents	HK Cents
– Basic and diluted		<u>1.928</u>	<u>2.630</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,520	3,977
Right-of-use assets		7,123	3,005
Prepayments for acquisition of property, plant and equipment		1,996	506
		<u>13,639</u>	<u>7,488</u>
Current assets			
Inventories		22,127	15,385
Trade and other receivables, deposits and prepayments	9	85,828	91,301
Amount due from a fellow subsidiary		–	135,458
Tax prepaid		647	–
Cash and bank balances		77,464	19,291
		<u>186,066</u>	<u>261,435</u>
Current liabilities			
Trade and other payables and accruals	10	47,616	53,693
Lease liabilities		3,552	3,066
Amounts due to ultimate holding company		–	6,499
Amounts due to fellow subsidiaries		193	326
Tax payable		1,326	10,934
Bank borrowings		–	14,572
		<u>52,687</u>	<u>89,090</u>
Net current assets		<u>133,379</u>	<u>172,345</u>
Total assets less current liabilities		<u>147,018</u>	<u>179,833</u>
Non-current liabilities			
Lease liabilities		3,614	–
Net assets		<u>143,404</u>	<u>179,833</u>
CAPITAL AND RESERVES			
Share capital	11	20,000	–
Reserves		123,404	179,833
Total equity		<u>143,404</u>	<u>179,833</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 Windward 3, Regatta Office Park, PO Box 1350, 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.

2. BASIS OF PRESENTATION AND PREPARATION

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.

Upon completion of the share swap (the “**Share Swap**”) which is one of the steps under the Reorganisation, the results of the subsidiaries are consolidated into the financial statements of the Company. The Group is regarded as a continuing entity resulting from the Share Swap since the insertion of a new holding company for SMC Electric Holdings Limited has not resulted in any change in economic substance. Accordingly, the financial statements have been prepared using merger basis of accounting as if the Share Swap had occurred at the beginning of the financial periods. The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 December 2020 and 2019 have included the results, changes in equity and cash flows of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence throughout the years ended 31 December 2020 and 2019. The consolidated statements of financial position of the Group as of 31 December 2020 and 2019 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates. No adjustment is made to reflect fair values, or recognise any new assets or liabilities as a result of the Share Swap.

Historically, the manufacturing and selling of electric tools including work lights and vacuum cleaners (“**Other Electrical Appliances Business**”) was conducted through a division of Multi-Media Group, namely the Electrical Appliances Division. Multi-Media Group, a sub-group of Shell Holdings, comprises of SMC Multi-Media Products Company Limited and its wholly-owned subsidiaries including SMC Multi-Media Trading Company Limited, SMC Multi-Media (H.K.) Limited and 佛山市順德區蜆華多媒體製品有限公司 (Shunde SMC Multi-Media Products Company Limited). After the Reorganisation, Other Electrical Appliances Business is carried on by the Group’s subsidiaries, SMC Electric (HK) Limited (“**SMC Electric HK**”) and 廣東蜆壳家電有限公司 (SMC Electric (China) Limited) (“**SMC Electric China**”). The historical financial information of Other Electrical Appliances Business has been prepared on a carve-out basis. The Electrical Appliances Division is carved out from the Multi-Media Group and combined with SMC Electric HK and SMC Electric China by using the principles of merger accounting under Hong Kong Accounting Guidelines 5 *Merger Accounting for Common Control Combinations*.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The consolidated financial statements 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.

3. ADOPTION OF NEW OR REVISED HKFRSs

3.1 Application of new or revised HKFRSs – effective on 1 January 2020

The HKICPA has issued a number of new or revised HKFRSs that are first effective for the current accounting period of the Group:

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

The adoption of the above new or revised HKFRSs that are effective from 1 January 2020 does not have any significant impact on the Group’s financial results and financial position.

3.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	COVID-19 Related Rent Concessions ²
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ³
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁴
Annual Improvements to HKFRSs 2018-2020	Amendment to HKFRS 9 Financial Instruments and Amendment to illustrative examples accompanying HKFRS 16 Leases ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁶
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁶
HKFRS 17	Insurance Contracts ⁶

¹ Mandatory effective date is yet to be determined but is available for adoption

² Effective for annual periods beginning on or after 1 June 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 January 2023

The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The Directors consider that these new standards and amendments are unlikely to have a material impact to the Group's financial statements.

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:

	2020	2019
	HK\$'000	HK\$'000
Sales of electric fans and electric tools:		
– Fans	121,203	140,529
– Vacuum cleaners	89,058	82,606
– Work lights	36,038	49,997
– Others	3,110	4,842
	<u>249,409</u>	<u>277,974</u>

5. PROFIT BEFORE INCOME TAX

	2020	2019
	HK\$'000	HK\$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditors' remuneration:		
– Current year	696	265
Cost of inventories recognised as expense		
– Carrying amount of inventories consumed	173,218	191,700
– Reversal of allowance for inventories	(48)	(1,185)
	<u>173,170</u>	<u>190,515</u>
Depreciation of property, plant and equipment	1,083	680
Depreciation of right-of-use assets	3,052	3,013
Impairment loss/(Reversal of impairment loss) on financial assets	92	(53)
Employee benefit expenses (including directors' emoluments):		
– Salaries, wages and other benefits	24,085	26,094
– Contribution to defined contribution retirement plans	917	1,786
	<u>25,002</u>	<u>27,880</u>

6. INCOME TAX EXPENSE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax		
– tax for the year	6,420	8,758
– over provision in respect of prior year	(88)	(165)
– Other regions of the People’s Republic of China (the “PRC”)		
– Enterprise Income Tax (“EIT”)	2,151	3,047
	<u>8,483</u>	<u>11,640</u>
Income tax expense	<u>8,483</u>	<u>11,640</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, it is not subject to income tax in the Cayman Islands.

For the year ended 31 December 2020, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits derived from Hong Kong. For the year ended 31 December 2019, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits derived from Hong Kong, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, first HK\$2 million of assessable profits of the qualifying entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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

7. DISTRIBUTIONS

(a) Dividends

Final dividend of HK\$0.004 (2019: nil) per ordinary share, amounting to HK\$8,000,000 (2019: nil), has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

(b) Deemed distribution

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

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit:		
Profit for the year attributable to owners of the Company	<u><u>36,353</u></u>	<u><u>45,367</u></u>

	2020 Number of shares '000	2019 Number of shares '000
Number of shares:		
Weighted average number of ordinary shares in issue during the year	<u><u>1,885,041</u></u>	<u><u>1,725,000</u></u>

Number of shares:

Weighted average number of ordinary shares in issue during the year

The weighted average number of ordinary shares used for the purpose of calculating basic earnings per share represented the weighted average number of ordinary shares in issue during the year, 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 same as the basic earnings per share as there were no potential dilutive ordinary shares in issue during the year.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	80,709	61,761
Less: Provision for impairment	<u>(483)</u>	<u>(391)</u>
Trade receivables, net	80,226	61,370
Other receivables	1,724	668
Prepaid listing expenses	–	4,637
Other prepayments and deposits (<i>note</i>)	<u>3,878</u>	<u>24,626</u>
	<u>85,828</u>	<u>91,301</u>

Note: Included in the amount as at 31 December 2020 and 31 December 2019 were prepayment of HK\$245,000 and HK\$20,387,000 respectively 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	12,837	16,977
31 to 60 days	19,490	11,419
61 to 90 days	18,235	10,666
Over 90 days	<u>30,147</u>	<u>22,699</u>
	<u>80,709</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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	25,818	22,893
Accruals and other payables	20,411	27,785
Contract liabilities	1,387	3,015
	<hr/>	<hr/>
	47,616	53,693
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	16,748	14,205
31 to 60 days	7,629	3,517
61 to 90 days	459	3,195
Over 90 days	982	1,976
	<hr/>	<hr/>
	25,818	22,893
	<hr/> <hr/>	<hr/> <hr/>

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 FY2020, the widespread impact of COVID-19 and its disruption to global and local economic activities has had a negative effect on the Group's performance particularly in terms of sales compared to the prior year. Under the Group's sourcing and selling of electric fans business, sales revenue in the Middle East and Africa declined significantly during FY2020, whereas sales to Australia recorded double digit growth. Sales revenue of the manufacturing and selling of electric tools business for the first half of 2020 registered a drop, and it managed a slight increase in the second half of 2020 despite the challenging economic environment. But the overall annual performance still captured a decline compared to the prior year, which was mainly due to the sales decline in work lights and cordless fans. Overall, from rising costs of raw materials and freight to the appreciation of RMB against US dollar in the second half of 2020, the Group was still able to maintain a stable gross profit margin due to strict costs control process.

Looking ahead, FY2021 is still expected to be challenging given the uncertain global economic conditions, the China-US and geopolitical tensions. We remain hopeful that the COVID-19 pandemic will ease off after vaccines roll out across the countries, and hopefully global economic activities will resume normally and stabilize and the import demand of electric fans and electric tools will recover gradually.

Meanwhile, the Group intends to further improve our strategic actions in risk management, operational cost control, supply chain agility and liquidity position enhancement in the forthcoming year. Management will proactively pursue various avenues to further reduce the risk exposure and maintain our edge and competitiveness in the market.

FINANCIAL REVIEW

Revenue and operating results

Revenue from the Group's operations for the year ended 31 December 2020 amounted to HK\$249.4 million, representing a decrease of HK\$28.6 million or 10.3% as compared to HK\$278.0 million for the year ended 31 December 2019. Such decrease was primarily attributable to the decrease in the sales volume of fans and work lights.

The Group's gross profit for the year ended 31 December 2020 amounted to HK\$76.2 million, representing a decrease of HK\$11.3 million as compared to HK\$87.5 million for the year ended 31 December 2019. The gross profit margin for the year ended 31 December 2020 was 30.6%, representing a slight decrease of 0.9 percentage points compared to 31.5% for the year in 2019. The Group's gross profit margin remained stable which was mainly due to the strict and effective cost controls and processes.

Profit attributable to the owners of the Company for the year ended 31 December 2020 was HK\$36.4 million, representing a decrease of HK\$9.0 million or 19.8% as compared to HK\$45.4 million for the year ended 31 December 2019. The decrease in profit for the year 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 next 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. Despite the COVID-19 challenging environment this year, the Group have sufficient working capital to meet its financial obligations. As of 31 December 2020, the Group's total cash and bank balances amounted to approximately HK\$77.5 million (31 December 2019: HK\$19.3 million) which is mainly denominated in HK\$.

As of 31 December 2020, the current ratio of the Group was approximately 3.53 times (31 December 2019: approximately 2.93 times).

The capital of the Group comprises only ordinary shares. As of 31 December 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 are mainly HK\$ and Renminbi (the "RMB") with certain of their business transactions being settled in United States Dollars (the "US\$"). The Group is thus exposed to currency risk arising from fluctuation on exchange rates of US\$ against the functional currencies of the relevant operating entities. During the financial year, 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 of 31 December 2020 was nil (31 December 2019: Nil) as the Group had net cash balances at the respective year end. As of 31 December 2020, the Group had no bank borrowing (31 December 2019: HK\$14.6 million). The interest coverage ratio of the Group for the year ended 31 December 2020, calculated by dividing profit before interest and tax expenses with interest expenses for the year, stood at 216.6 times (31 December 2019: 88.8 times).

Capital Expenditure and Capital Commitments

The capital expenditures of the Group amounted to approximately HK\$2.9 million for the year ended 31 December 2020 (31 December 2019: HK\$2.0 million) were for the purchases of property, plant and equipment.

As of 31 December 2020, the Group had total capital commitments of approximately HK\$2.8 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 of 31 December 2020. As at 31 December 2019, the Group provided corporate guarantee in connection with the banking facilities granted to Shell Holdings and the loan drawn down by Shell Holdings under such facilities amounted to HK\$87 million. Such corporate guarantee was released upon listing.

Significant Investment/Material Acquisition and Disposal

During the period from the Listing Date to 31 December 2020, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries.

Employees and Remuneration Policy

As of 31 December 2020, the total number of employees of the Group is 140 (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 of 31 December 2020, the Group did not have any assets which were pledged as security for the Group's borrowings (31 December 2019: Nil).

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, there is no modification of the business plan regarding the use of proceeds as described in the Prospectus of the Company dated 19 May 2020 and the proceeds are to be used as intended as disclosed in the Prospectus.

The Group had utilised approximately HK\$2.4 million of the net proceeds as at 31 December 2020. The unused net proceeds have been placed as interest-bearing deposits with licensed banks 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 31 December 2020 <i>HK\$ million</i>	Unutilised amount as at 31 December 2020 <i>HK\$ million</i>	Expected timeline for use of unutilised proceeds
Improvement of efficiencies	6.3	0.8	5.5	31 December 2021
Expand manufacturing capabilities	25.9	1.6	24.3	30 June 2022
Devoting resources on new products	10.3	–	10.3	30 June 2022
Set up of e-commerce sales function	–	–	–	30 June 2022
	<u>42.5</u>	<u>2.4</u>	<u>40.1</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 31 December 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 Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out in Appendix 14 to the Listing Rules have been duly adopted by the Board as the code on corporate governance practices of the Company.

The Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the period from the Listing Date to 31 December 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**”) as 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 31 December 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 annual results and the consolidated financial statements for the year ended 31 December 2020, including the accounting principles and practices adopted by the Group, and discussed financial reporting, auditing, internal controls and risk management systems.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKEXnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.smcelectric.com.hk>). The 2020 Annual Report for the year ended 31 December 2020 will be despatched to shareholders of the Company and will be made available on the above websites in due course.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

FINAL DIVIDEND

The Board of the Company has proposed a final dividend of HK0.4 cents (2019: nil) per ordinary share for the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the members' entitlement to attend and vote at the forthcoming annual general meeting, the register of members will be closed from Friday, 11 June 2021 to Friday, 18 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of the meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 10 June 2021.

Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be payable on Friday, 13 August 2021 to the shareholders whose names appear on the register of members of the Company on Tuesday, 29 June 2021. To ascertain the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed from Friday, 25 June 2021 to Tuesday, 29 June 2021, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 24 June 2021.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong on Friday, 18 June 2021 at 11:00 a.m. The notice of the annual general meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

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

Hong Kong, 26 March 2021

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. HO Chi Sing, Spencer.