
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **SMC Electric Limited**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of **SMC Electric Limited** to be held at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong on Friday, 17 June 2022 at 11:00 a.m. is set out on pages 12 to 16 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to 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 as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

Your attention is drawn to the section headed “PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING” on page ii of this circular for measures to try to prevent and control the spread of the COVID-19 pandemic at the annual general meeting.

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PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the AGM to protect attending shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the AGM venue. Any person with a body temperature of over 37.4°C may be denied entry into the AGM venue or be required to leave the AGM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the AGM venue a declaration form confirming their names, contact details and body condition, and state that whether they have travelled to any affected countries or areas outside Hong Kong in the preceding 21 days, or to their best knowledge had close contact with any confirmed cases, or have symptoms of flu, fever or pneumonia. Any such person may be denied entry into the AGM venue or be required to leave the AGM venue.
- (iii) Attendees are required to wear surgical face masks inside the AGM venue at all times, and to maintain a safe distance between seats.
- (iv) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

As the COVID-19 situation continues to evolve, in order to minimise the risks to the Shareholders and other participants attending the AGM, the Company will closely monitor the situation and may adopt other precautionary measures as appropriate, according to the latest regulations published by the Hong Kong government from time to time. The Company may be required to change the AGM arrangements at short notice. Shareholders are advised to check the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.smcelectric.com.hk/announcements.html) for further announcement(s) and update(s) on the AGM arrangements.

In the interest of all stakeholders' health and safety, the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, strongly recommended by using a form of proxy with voting instructions inserted, Shareholders, particularly those who are subjected to quarantine, may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AGM” | the annual general meeting of the Company to be held at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong, on Friday, 17 June 2022 at 11:00 a.m. |
| “Articles of Association” | the articles of association of the Company adopted on 15 May 2020 and with effect from 2 June 2020 and as amended from time to time |
| “Board” | the board of Directors |
| “Company” | SMC Electric Limited (蠟壳電業有限公司), a company incorporated in the Cayman Islands on 5 December 2018 as an exempted company with limited liability, the Shares of which are listed on the main board of the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawfully currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 20 April 2022, being the latest practicable date for ascertaining certain information contained in this circular prior to its publication |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Red Dynasty” | Red Dynasty Investments Limited, a company incorporated under the laws of BVI with limited liability on 27 July 2009, which is wholly-owned by Mr. Yung Kwok Kee, Billy and is one of the Controlling Shareholders |
| “Repurchase Resolution” | the proposed ordinary resolution as referred to in ordinary resolution no. 6 of the notice of the AGM |

DEFINITIONS

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “SFO” | the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong), as amended, supplemented or modified from time to time |
| “Share(s)” | share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | registered holder(s) of the Shares |
| “Share Issue Mandate” | the general mandate to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the Shareholders’ resolution approving the Share Issue Mandate |
| “Share Repurchase Mandate” | the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the total number of issued Shares as at the date of passing of the Shareholders’ resolution approving the Share Repurchase Mandate |
| “Shell Electric Mfg.” | Shell Electric Mfg. (Holdings) Company Limited 蜆壳電器工業 (集團) 有限公司, now known as China Overseas Grand Oceans Group Ltd. |
| “Shell Holdings” | Shell Electric Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability on 20 August 2009, which is owned as to 80.5% by Red Dynasty and is one of the Controlling Shareholders |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs |
| “%” | per cent. |

LETTER FROM THE BOARD



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2381)

Executive Directors:

Mr. Leung Chun Wah (*Chief Executive Officer*)

Mr. Tang Che Yin

Mr. Chow Kai Chiu, David

Registered Office:

Windward 3, Regatta Office Park,

PO Box 1350,

Grand Cayman KY1-1108,

Cayman Islands

Non-executive Director:

Mr. Yung Kwok Kee, Billy (*Chairman*)

Principal place of business

in Hong Kong:

1/F, Shell Industrial Building,

12 Lee Chung Street,

Chai Wan, Hong Kong

Independent Non-executive Directors:

Mr. Leung Man Chiu, Lawrence

Mr. Poon Chak Sang, Plato

Mr. Ho Chi Sing, Spencer

27 April 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to the granting to the Directors of the Share Issue Mandate, the Share Repurchase Mandate, the extension of the Share Issue Mandate and the re-election of retiring Directors; and to seek your approval of the relevant ordinary resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

SHARE ISSUE MANDATE

At the annual general meeting of the Company held on 18 June 2021, an ordinary resolution was passed by the Shareholders to give a general mandate to the Directors to exercise all the powers of the Company to allot, issue and deal with Shares. Such mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such mandate at the AGM.

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,000,000,000 Shares. Subject to passing of the resolution approving the Share Issue Mandate and on the basis that no further Shares are issued prior to the AGM, the Company would be allowed under the resolution approving the Share Issue Mandate to issue a maximum of 400,000,000 Shares representing not more than 20% of the total number of issued Shares as at the Latest Practicable Date.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in ordinary resolutions as referred to in resolutions nos. 5 and 7 respectively of the notice of the AGM.

SHARE REPURCHASE MANDATE

At the annual general meeting of the Company held on 18 June 2021, an ordinary resolution was passed by the Shareholders to give a general mandate to the Directors to exercise all the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such mandate at the AGM.

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,000,000,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the Repurchase Resolution, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate as at the date of passing the Repurchase Resolution will be 200,000,000 Shares representing not more than 10% of the total number of issued Shares as at the Latest Practicable Date.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Share Repurchase Mandate, is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently comprises seven Directors, namely Mr. Leung Chun Wah, Mr. Tang Che Yin, Mr. Chow Kai Chiu, David, Mr. Yung Kwok Kee, Billy, Mr. Leung Man Chiu, Lawrence, Mr. Poon Chak Sang, Plato and Mr. Ho Chi Sing, Spencer.

In accordance with Article 108 of the Articles of Association, Mr. Leung Chun Wah and Mr. Poon Chak Sang, Plato will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

In accordance with Article 112 of the Articles of Association, Mr. Chow Kai Chiu, David will retire at the AGM and, being eligible, offer himself for re-election.

The nomination committee of the Company had assessed and reviewed the written confirmation of independence of each of the independent non-executive Directors based on the independence criteria as set out in rule 3.13 of the Listing Rules, including Mr. Poon Chak Sang, Plato, and confirmed that all of them remain independent.

LETTER FROM THE BOARD

Having regard to the experience, skills and expertise of the above retiring Directors as well as the overall board diversity of the Company, the nomination committee of the Company recommended re-election of all the retiring Directors to the Board for it to propose to the Shareholders for re-election at the AGM. Accordingly, the Board has proposed that each of the retiring Directors, namely Mr. Leung Chun Wah, Mr. Poon Chak Sang, Plato and Mr. Chow Kai Chiu, David stand for re-election as Directors by way of separate resolution at the AGM.

Biographical details of the above retiring Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

At the AGM, ordinary resolutions will be proposed to approve the Share Issue Mandate, the Share Repurchase Mandate, the extension of the Share Issue Mandate and the re-election of retiring Directors. The notice of the AGM is set out on pages 12 to 16 of this circular.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Article 72 of the Articles of Association and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to 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 as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM, or any adjourned meeting, should you so wish.

RECOMMENDATION

The Directors believe that the granting of the Share Issue Mandate, the Share Repurchase Mandate, the extension of the Share Issue Mandate and the re-election of the retiring Directors are in the best interests of the Company as well as the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant resolutions relating to aforesaid matters.

By order of the Board
SMC Electric Limited
Yung Kwok Kee, Billy
Chairman

This appendix serves as an explanatory statement, as required by Rule 10.06(1)(b) of the Listing Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

1. EXERCISE OF THE SHARE REPURCHASE MANDATE

Exercise in full of the Share Repurchase Mandate, on the basis of 2,000,000,000 Shares in issue at the Latest Practicable Date, would result in up to 200,000,000 Shares (which will be fully paid and represent 10% of the total issued Shares in issue as at the Latest Practicable Date) being repurchased by the Company during the course of the period prior to the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or applicable laws of the Cayman Islands to be held; or (iii) the passing of any ordinary resolution of the Shareholders in general meeting of the Company revoking, varying or renewing the Share Repurchase Mandate.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company, the Articles of Association and the Companies Laws of the Cayman Islands and any the applicable laws and regulations. Pursuant to the Share Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilised in this connection, including funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase. In the case of any premium payable on the repurchase, out of funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company. The Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2021) in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Articles of the Association and all applicable laws of the Cayman Islands in force from time to time.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention, if the Share Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Share Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made under the Share Repurchase Mandate.

As at the Latest Practicable Date, Mr. Yung Kwok Kee, Billy through Red Dynasty, a company which is wholly-owned by Mr. Yung Kwok Kee, Billy, was beneficially interested in 1,500,000,000 Shares, representing approximately 75% of the total number of issued Shares.

In the event that the Directors exercise in full the power to repurchase Shares under the Share Repurchase Mandate, the shareholding of Mr. Yung Kwok Kee, Billy would be increased to approximately 83.33% of the total number of issued Shares.

The Directors are not aware of any consequence under the Takeovers Code as a result of a repurchase of Shares made under the Share Repurchase Mandate and have no present intention to exercise the power to repurchase Shares pursuant to the Share Repurchase Mandate to such an extent as to result in takeover obligations.

The Directors will not exercise the Share Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding. However, the Directors have no current intention to exercise the Share Repurchase Mandate to such an extent as would give rise to this obligation. In any event, the Company will not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

5. SHARES PURCHASED BY THE COMPANY

No repurchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

6. SHARE PRICES

The highest and lowest traded prices of which the Shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

| | Shares | |
|-------------------------------------------|---------------------------------|--------------------------------|
| | Highest Traded Price | Lowest Traded Price |
| | <i>HK\$</i> | <i>HK\$</i> |
| 2021 | | |
| April | 0.116 | 0.100 |
| May | 0.173 | 0.115 |
| June | 0.144 | 0.120 |
| July | 0.135 | 0.111 |
| August | 0.124 | 0.103 |
| September | 0.108 | 0.095 |
| October | 0.138 | 0.095 |
| November | 0.132 | 0.106 |
| December | 0.118 | 0.102 |
| 2022 | | |
| January | 0.115 | 0.095 |
| February | 0.126 | 0.100 |
| March | 0.119 | 0.075 |
| April (up to the Latest Practicable Date) | 0.104 | 0.097 |

The following are the particulars of the retiring Directors proposed to be re-elected at the AGM:

Mr. Leung Chun Wah (梁振華), aged 75, was appointed as an executive Director and Chief Executive Officer of the Company on 2 January 2019. Mr. Leung joined the Group in 1977 and he is currently the general manager of electric fan division and responsible for its daily business operations and management.

Mr. Leung has more than 40 years of experience in electric tools manufacturing industry and has substantial experience in procurement, material control and production planning. He is primarily responsible for overall management, operation and implementation of strategic planning of the Group. He was an executive director of Shell Electric Mfg. from 1990 until 2010. He is also a director of certain subsidiaries of the Group. Mr. Leung obtained a bachelor's degree of Business Administration from the City University of Macau.

Save as disclosed above, Mr. Leung has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas, and is not connected with any other directors, senior management or substantial or controlling shareholders of the Company and has not held any other position with any members of the Group.

As at the Latest Practicable Date, Mr. Leung did not have any interest in Share within the meaning of Part XV of the SFO.

Mr. Leung entered into a service agreement with the Company for an initial fixed term of 3 years commencing from 2 June 2020 (the Listing Date). He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the service agreement, Mr. Leung is entitled to receive a director's fee of HK\$20,000 per annum which is reviewed by the Board and the remuneration committee of the Company and determined by the Board with reference to market rates, his performance, qualifications and experience.

Save as disclosed above, Mr. Leung has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there is no information to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Poon Chak Sang, Plato (潘澤生), aged 76, was appointed as an independent non-executive Director of the Company on 2 October 2019 and is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct. He is the chairman of the Remuneration Committee, a member of both the Audit Committee and the Nomination Committee of the Company.

Mr. Poon has over 40 years of working experience in export industry. He was an executive director of Shell Electric Mfg. during 1992 to 2007 and the general manager of electric fan division from 1986 to 2007. He was responsible for overseeing import and export matters, production materials and operations.

Save as disclosed above, Mr. Poon has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas, and is not connected with any other directors, senior management or substantial or controlling shareholders of the Company and has not held any other position with any members of the Group.

As at the Latest Practicable Date, Mr. Poon did not have any interest in Share within the meaning of Part XV of the SFO.

Mr. Poon entered into an appointment letter with the Company for an initial fixed term of 3 years commencing from 2 June 2020 (the Listing Date). He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the appointment letter, Mr. Poon is entitled to receive a director's fee of HK\$180,000 per annum which is reviewed by the Board and the remuneration committee of the Company and determined by the Board with reference to market rates, his performance, qualifications and experience.

Save as disclosed above, Mr. Poon has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there is no information to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Chow Kai Chiu, David (周啟超), aged 57, Chartered Financial Analyst, joined the Group in 2004, was appointed as an executive Director of the Company with effect from 28 March 2022. Mr. Chow received his Bachelor degree of Applied Science in Computer Engineering and his Master's degree in Business Administration from the University of Waterloo and York University, Canada. He has previously held positions at First Marathon Securities Limited in Canada, Asian Capital Partners, and HSBC Private Equity (Asia) Limited in the corporate finance and investment management field. He is a director of certain subsidiaries of the Group. He is also a director and the Deputy Chief Executive of Shell Holdings. He was an executive Director of PFC Device Inc. (Stock Code: 8231), which was delisted subsequent to its privatization on 25 March 2022, since 21 March 2016 to 25 March 2022.

Save as disclosed above, Mr. Chow has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas, and is not connected with any other directors, senior management or substantial or controlling shareholders of the Company and has not held any other position with any members of the Group.

As at the Latest Practicable Date, Mr. Chow did not have any interest in Share within the meaning of Part XV of the SFO.

Mr. Chow entered into an appointment letter with the Company for an initial fixed term of 3 years commencing from 28 March 2022. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the appointment letter, Mr. Chow is entitled to receive a director's fee of HK\$20,000 per annum which is reviewed by the Board and the remuneration committee of the Company and determined by the Board with reference to market rates, his performance, qualifications and experience.

Save as disclosed above, Mr. Chow has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there is no information to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2381)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of SMC Electric Limited (the “**Company**”) will be held at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong on Friday, 17 June 2022 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements for the year ended 31 December 2021 and the report of the directors and the independent auditor’s report.
2. To declare a final dividend of HK0.3 cents per ordinary share for the year ended 31 December 2021.
3. (a) To re-elect the following retiring directors of the Company (the “**Directors**”):
 - (i) to re-elect Mr. Leung Chun Wah as an executive Director;
 - (ii) to re-elect Mr. Poon Chak Sang, Plato as an independent non-executive Director; and
 - (iii) to re-elect Mr. Chow Kai Chiu, David as an executive Director;
- (b) To authorise the board of Directors (the “**Board**”) to fix the remuneration of Directors.
4. To re-appoint BDO Limited as auditor of the Company for the ensuring year and to authorise the Board to fix the remuneration of auditor.

NOTICE OF ANNUAL GENERAL MEETING

To consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolutions of the Company by way of ordinary business:

ORDINARY RESOLUTIONS

5. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, and pursuant to the Rules Governing the Listing of Securities (the **“Listing Rules”**) on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.01 each in the share capital of the Company (the **“Shares”**) and to make or grant offers, agreements and options (including but not limited to bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power either during or after the end of the Relevant Period;
- (c) the total number of Shares allotted, issued and dealt or agreed conditionally or unconditionally to be allotted, issued and dealt (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolutions (otherwise than pursuant to (i) a rights issue, (ii) an issue of Shares upon the exercise of any subscription or conversion rights attaching to any bonds, warrants, debentures, notes or any securities which carry rights to subscribe for or are convertible into Shares, (iii) an issue of Shares upon the exercise of any options which may be granted under the share option scheme or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/ or employees of the Company and/or any of the subsidiaries of the Company or any other person of Shares or rights to acquire Shares, (iv) any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company, or (v) a specific authority granted by the Shareholders in general meeting) shall not exceed 20% of the total number of Shares in issue as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of all or any of the Shares into larger or smaller number of shares after the passing of this Resolution) and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this Resolution,

“**Relevant Period**” means the period from the passing of this Resolution, until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the passing of any ordinary resolution of the shareholders in general meeting of the Company revoking, varying or renewing this Resolution; and

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the total number of Shares to be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the total number of Shares in issue as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of all or any of the Shares into larger or smaller number of shares after the passing of this Resolution) and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution, until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of any ordinary resolution of the shareholders in general meeting of the Company revoking, varying or renewing the Resolution.”
7. “**THAT** subject to the passing of ordinary resolutions nos. 5 and 6 above, the general mandate granted to the Directors pursuant to ordinary resolution no. 5 above be and is hereby extended by the addition to the total number of shares of the Company in issue which may be allotted, issued, dealt with or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by the Company pursuant to ordinary resolution no. 6 above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of all or any of the Shares into larger or smaller number of shares after the passing of this Resolution).”

By Order of the Board
SMC Electric Limited
Yung Kwok Kee, Billy
Chairman

Hong Kong, 27 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (if a member who is the holder of two or more shares of the Company) to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited 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, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Friday, 10 June 2022 to Friday, 17 June 2022, 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, 9 June 2022.

The register of members of the Company will be closed from Monday, 27 June 2022 to Wednesday, 29 June 2022, 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 Friday, 24 June 2022.

4. With regard to resolution no. 3(a) set out in this notice, details of the retiring Directors are set out in Appendix II to the circular of the Company dated 27 April 2022.
5. In connection with the proposed repurchase mandate under ordinary resolution no. 6, an explanatory statement as required by the Listing Rules is set out in Appendix I to the circular of the Company dated 27 April 2022.
6. As at the date of this notice, the Board comprises three executive Directors, namely, Mr. Leung Chun Wah, Mr. Tang Che Yin and Mr. Chow Kai Chiu, David; 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.

7. PRECAUTIONARY MEASURES FOR THE AGM

Please see page ii of the circular dated 27 April 2022 for measures being taken to try to prevent and control the spread of the Coronavirus at the AGM, including:

- compulsory temperature checks
- compulsory wearing of surgical face masks
- no distribution of corporate gifts and refreshments

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue. Attendees are required to wear a surgical face mask and Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

8. Subject to the development of COVID-19 pandemic, in order to minimise the risks to the shareholders of the Company and other participants attending the AGM, the Company may be required to change the AGM arrangements at short notice. Shareholders of the Company are advised to check the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.smcelectric.com.hk/announcements.html) for further announcement(s) and update(s) on the AGM arrangements.