



SMC ELECTRIC LIMITED

蜆壳電業有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2381

2025

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Chun Wah (*Chief Executive Officer*)
Mr. Tang Che Yin
Mr. Chow Kai Chiu, David

Non-executive Directors

Mr. Yung Kwok Kee, Billy (*Chairman*)
Mdm. Li Pik Mui, Cindy

Independent Non-executive Directors

Mr. Leung Man Chiu, Lawrence
Mr. Poon Chak Sang, Plato
Mr. Ho Chi Sing, Spencer

AUDIT COMMITTEE

Mr. Leung Man Chiu, Lawrence (*Chairman*)
Mr. Yung Kwok Kee, Billy
Mr. Poon Chak Sang, Plato

REMUNERATION COMMITTEE

Mr. Poon Chak Sang, Plato (*Chairman*)
Mr. Yung Kwok Kee, Billy
Mr. Leung Man Chiu, Lawrence

NOMINATION COMMITTEE

Mr. Yung Kwok Kee, Billy (*Chairman*)
Mr. Poon Chak Sang, Plato
Mr. Leung Man Chiu, Lawrence
Mdm. Li Pik Mui, Cindy (*Appointed on 13 June 2025*)
Mr. Ho Chi Sing, Spencer (*Appointed on 13 June 2025*)

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation
Limited
Hang Seng Bank Limited

COMPANY SECRETARY

Ms. Lee Ka Man ACG, HKACG

REGISTERED OFFICE

Windward 3, Regatta Office Park,
PO Box 1350, Grand Cayman KY1-1108,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1/F, Shell Industrial Building,
12 Lee Chung Street,
Chai Wan, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3 Regatta Office Park,
PO Box 1350,
Grand Cayman KY1-1108, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road,
North Point, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Chow Kai Chiu, David
Mdm. Li Pik Mui, Cindy

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

COMPANY'S WEBSITE

www.smcelectric.com.hk

STOCK CODE

2381

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 2025, together with the unaudited comparative figures for the six months ended 30 June 2024 and certain comparative figures as at the end of the last audited financial year ended 31 December 2024. The condensed consolidated statement of comprehensive income of the Group for the six months ended 30 June 2025 and the condensed consolidated statement of financial position of the Group as at 30 June 2025, along with selected explanatory notes have not been audited, but have been reviewed by the Company’s audit committee and were approved for issue by the Directors on 22 August 2025.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | Notes | Six months ended 30 June 2025 HK\$'000 (Unaudited) | Six months ended 30 June 2024 HK\$'000 (Unaudited) |
|--|-------|---|---|
| Revenue | 5 | 129,981 | 123,920 |
| Cost of revenue | | <u>(97,252)</u> | <u>(89,244)</u> |
| Gross profit | | 32,729 | 34,676 |
| Other income | | 5,029 | 3,702 |
| Selling and distribution expenses | | (855) | (783) |
| Administrative and other operating expenses | | (22,933) | (22,563) |
| Other gains | | 1,531 | 474 |
| Finance costs | | <u>(181)</u> | <u>(89)</u> |
| Profit before income tax | 6 | 15,320 | 15,417 |
| Income tax expense | 7 | <u>(2,424)</u> | <u>(2,457)</u> |
| Profit for the period attributable to owners of the Company | | <u>12,896</u> | <u>12,960</u> |
| Other comprehensive income | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange difference arising from translation of operations outside Hong Kong | | <u>29</u> | <u>(107)</u> |
| Total comprehensive income for the period attributable to owners of the Company | | <u>12,925</u> | <u>12,853</u> |
| | | HK Cents | HK Cents |
| Earnings per share | 9 | | |
| – Basic and diluted | | <u>0.645</u> | <u>0.648</u> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

| | | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|--|-------|--|--|
| | Notes | | |
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 5,035 | 5,746 |
| Right-of-use assets | | 5,252 | 6,976 |
| Prepayments for acquisition of property, plant and equipment | | 1,020 | 892 |
| Deferred tax assets | | 713 | 713 |
| | | <u>12,020</u> | <u>14,327</u> |
| Current assets | | | |
| Inventories | | 12,833 | 20,353 |
| Trade and other receivables, deposits and prepayments | 11 | 87,008 | 78,031 |
| Cash and bank balances | | 86,917 | 90,431 |
| | | <u>186,758</u> | <u>188,815</u> |
| Current liabilities | | | |
| Trade and other payables and accruals | 12 | 40,964 | 58,212 |
| Lease liabilities | | 3,498 | 3,386 |
| Amounts due to fellow subsidiaries | 13 | 852 | 536 |
| Tax payable | | 2,611 | 1,321 |
| | | <u>47,925</u> | <u>63,455</u> |
| Net current assets | | <u>138,833</u> | <u>125,360</u> |
| Total assets less current liabilities | | <u>150,853</u> | <u>139,687</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 1,826 | 3,585 |
| Deferred tax liabilities | | 521 | 521 |
| | | <u>2,347</u> | <u>4,106</u> |
| Net assets | | <u><u>148,506</u></u> | <u><u>135,581</u></u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 14 | 20,000 | 20,000 |
| Reserves | 15 | 128,506 | 115,581 |
| Total equity | | <u><u>148,506</u></u> | <u><u>135,581</u></u> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

| | Share capital HK\$'000 | Share premium* HK\$'000 note 15(a) | Merger reserve* HK\$'000 note 15(b) | Capital contribution* HK\$'000 note 15(c) | Translation reserve* HK\$'000 note 15(d) | Dividend reserve* HK\$'000 | Statutory reserve* HK\$'000 note 15(e) | Retained earnings* HK\$'000 note 15(f) | Total HK\$'000 |
|--|------------------------------|---|--|--|---|----------------------------------|---|---|-------------------|
| At 1 January 2024 | 20,000 | 78,695 | (45,952) | 16,936 | (2,005) | 10,000 | 2,103 | 49,484 | 129,261 |
| Profit for the period | - | - | - | - | - | - | - | 12,960 | 12,960 |
| Other comprehensive income for the period | | | | | | | | | |
| – Exchange difference arising from translation of operations outside Hong Kong | - | - | - | - | (107) | - | - | - | (107) |
| Total comprehensive income for the period | - | - | - | - | (107) | - | - | 12,960 | 12,853 |
| Transfer to statutory reserve | - | - | - | - | - | - | 296 | (296) | - |
| At 30 June 2024 (Unaudited) | <u>20,000</u> | <u>78,695</u> | <u>(45,952)</u> | <u>16,936</u> | <u>(2,112)</u> | <u>10,000</u> | <u>2,399</u> | <u>62,148</u> | <u>142,114</u> |
| At 1 January 2025 | 20,000 | 78,695 | (45,952) | 16,936 | (2,045) | 10,000 | 2,688 | 55,259 | 135,581 |
| Profit for the period | - | - | - | - | - | - | - | 12,896 | 12,896 |
| Other comprehensive income for the period | | | | | | | | | |
| – Exchange difference arising from translation of operations outside Hong Kong | - | - | - | - | 29 | - | - | - | 29 |
| Total comprehensive income for the period | - | - | - | - | 29 | - | - | 12,896 | 12,925 |
| Transfer to statutory reserve | - | - | - | - | - | - | 326 | (326) | - |
| At 30 June 2025 (Unaudited) | <u>20,000</u> | <u>78,695</u> | <u>(45,952)</u> | <u>16,936</u> | <u>(2,016)</u> | <u>10,000</u> | <u>3,014</u> | <u>67,829</u> | <u>148,506</u> |

* The total of these equity accounts at the end of the reporting period represents "Reserves" in the unaudited condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

| | Six months ended 30 June 2025 HK\$'000 (Unaudited) | Six months ended 30 June 2024 HK\$'000 (Unaudited) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income tax | 15,320 | 15,417 |
| Total non-cash adjustments | 2,239 | 1,197 |
| Total working capital adjustments | (18,642) | (6,448) |
| Cash (used in)/generated from operations | (1,083) | 10,166 |
| Income tax paid | (1,146) | (1,273) |
| Net cash (used in)/generated from operating activities | (2,229) | 8,893 |
| Cash flows from investing activities | | |
| Interest received | 1,205 | 1,539 |
| Prepayments for purchase of property, plant and equipment | (117) | (333) |
| Purchase of property, plant and equipment | (67) | (78) |
| Net cash generated from investing activities | 1,021 | 1,128 |
| Cash flows from financing activities | | |
| Payment of principal element of lease liabilities | (1,670) | (1,769) |
| Payment of interest element of lease liabilities | (181) | (89) |
| Net cash used in financing activities | (1,851) | (1,858) |
| Net (decrease)/increase in cash and cash equivalents | (3,059) | 8,163 |
| Cash and cash equivalents at the beginning of period | 90,431 | 82,158 |
| Effect of foreign exchange rate change on cash and cash equivalents | (455) | (4) |
| Cash and cash equivalents at the end of period | 86,917 | 90,317 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

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 (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 2 June 2020.

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 to be Shell Electric Holdings Limited (“**Shell Holdings**”), a company incorporated in Bermuda.

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**”).

The unaudited condensed consolidated interim financial information do not include all the information and disclosures required for the preparation of the annual financial statements in accordance with HKFRS Accounting Standards (collectively including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and interpretations) as issued by the HKICPA, as well as the disclosure requirements under the Hong Kong Companies Ordinance. Therefore, it should be read in conjunction with the consolidated financial statements for the year ended 31 December 2024 (the “**Annual Report 2024**”).

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.

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the Annual Report 2024 except for the adoption of new and amended HKFRS Accounting Standards as mentioned in note 3.

In preparing the unaudited condensed consolidated interim financial information, the significant judgments 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 Annual Report 2024.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

3.1 Adoption of amendments to HKFRS Accounting Standards – effective on 1 January 2025

During the current period, the Group has applied for the first time the following amendments to HKFRS Accounting Standards, which are relevant to and effective for the Group’s unaudited condensed consolidated financial statements for the period beginning on 1 January 2025.

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the unaudited interim condensed consolidated financial information.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

3.2 New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to HKFRS Accounting Standards, potentially relevant to the Group's unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of the unaudited condensed consolidated financial statements.

| | |
|--|--|
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ¹ |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹ |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ² |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures ² |

1. Effective for annual periods beginning on or after 1 January 2026

2. Effective for annual periods beginning on or after 1 January 2027

The directors anticipate that all of the relevant pronouncement 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 and amendments to standards on the Group's results and financial position and/or the disclosures to the unaudited condensed consolidated financial statements upon initial application.

4. SEGMENT INFORMATION

Operating segment information

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker for the purposes of resources allocation and assessment of segment performance. The Group has identified the following reportable operating segments:

| | | |
|-----------------|---|--|
| SMC segment | – | develop, design and trading of electrical fans under the Group's own brand, namely "SMC". |
| Non-SMC segment | – | develop, design, manufacturing and trading of electric tools and electric fans to customers under their respective brands. |

Each of the reportable segments is managed separately as the resources requirement of each of them is different.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different segments during the period and in prior period. Segment profit represents gross profit generated by the segment.

Information of the operating segments of the Group reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment does not include assets and liabilities. Accordingly, no information of segment assets and segment liabilities is presented.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (Continued)

Operating segment information (Continued)

Information regarding the Group's reportable segments including reportable segment revenue, segment profit or loss, reconciliations to profit before income tax are as follows:

| | Non-SMC segment HK\$'000 | SMC segment HK\$'000 | Total HK\$'000 |
|--|--------------------------------|----------------------------|----------------------|
| Six months ended 30 June 2025 (Unaudited) | | | |
| Reportable segment revenue recognised at a point in time | <u>108,951</u> | <u>21,030</u> | <u>129,981</u> |
| Reportable segment profit | <u>29,023</u> | <u>3,706</u> | <u>32,729</u> |
| Corporate and unallocated income [^] | | | 5,029 |
| Corporate and unallocated expenses [^] | | | <u>(22,438)</u> |
| Profit before income tax | | | <u><u>15,320</u></u> |
| | Non-SMC segment HK\$'000 | SMC segment HK\$'000 | Total HK\$'000 |
| Six months ended 30 June 2024 (Unaudited) | | | |
| Reportable segment revenue recognised at a point in time | <u>103,300</u> | <u>20,620</u> | <u>123,920</u> |
| Reportable segment profit | <u>28,585</u> | <u>6,091</u> | <u>34,676</u> |
| Corporate and unallocated income [^] | | | 3,702 |
| Corporate and unallocated expenses [^] | | | <u>(22,961)</u> |
| Profit before income tax | | | <u><u>15,417</u></u> |

[^] Corporate and unallocated income represent other income. Corporate and unallocated expenses mainly represent selling and distribution expenses and administrative and other operating expenses, which mainly included employee benefit expenses, and freight and transportation costs incurred up to the respective period.

5. REVENUE

The Group is principally engaged in the manufacturing and selling of electric tools and sourcing and selling of electric fans. Sales from the principal activities represent revenue from contracts with customers within the scope of HKFRS 15 *Revenue from contracts with customers*, which is recognised at a point in time and comprise:

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Sales of electric fans and electric tools: | | |
| – Fans | 68,675 | 59,054 |
| – Vacuum cleaners | 49,219 | 53,320 |
| – Work lights | 12,087 | 11,445 |
| – Others | <u>–</u> | <u>101</u> |
| | <u><u>129,981</u></u> | <u><u>123,920</u></u> |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

6. PROFIT BEFORE INCOME TAX

| | Six months ended 30 June | |
|--|--------------------------|---------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Profit before income tax is arrived at after charging: | | |
| Cost of inventories recognised as expense | | |
| – Carrying amount of inventories consumed | 96,817 | 89,208 |
| – Allowance for inventories | 435 | 36 |
| | <u>97,252</u> | <u>89,244</u> |
| Depreciation of property, plant and equipment | 838 | 1,075 |
| Depreciation of right-of-use assets | 1,746 | 1,772 |
| Employee benefit expenses (including Directors' emoluments): | | |
| – Salaries, wages and other benefits | 18,931 | 17,698 |
| – Contribution to defined contribution retirement plans | 754 | 627 |
| | <u>19,685</u> | <u>18,325</u> |

7. INCOME TAX EXPENSE

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

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current tax | | |
| – Hong Kong Profits Tax | 1,583 | 1,533 |
| – Other regions of the People's Republic of China (the "PRC") | | |
| – Enterprise Income Tax ("EIT") | 1,030 | 943 |
| – Over provision in respect of prior period | (189) | (19) |
| Income tax expense | <u>2,424</u> | <u>2,457</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 is not subject to income tax in the Cayman Islands.

Hong Kong Profits Tax is calculated at 16.5% (2024: 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% (2024: 25%) on the estimated assessable income for the period.

8. DIVIDEND

Final dividend of HK\$0.005 per ordinary share, amounting to HK\$10,000,000, in respect of 2024, proposed by the Directors was approved by the shareholders in the annual general meeting held on 13 June 2025.

An interim dividend in respect of 2025 of HK\$0.005 (six months ended 30 June 2024: HK\$0.005) per share amounting to a total of approximately HK\$10,000,000 was declared by the Board of the Directors on 22 August 2025. This interim dividend has not been included as a liability in these unaudited condensed consolidated financial statements as it was declared after the end of the reporting period.

The amount of the interim dividend was calculated on the basis of 2,000,000,000 shares in issue as at 22 August 2025.

9. 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:

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Profit: | | |
| Profit for the period attributable to owners of the Company | <u>12,896</u> | <u>12,960</u> |
| | | |
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | Number of | Number of |
| | shares | shares |
| | '000 | '000 |
| | (Unaudited) | (Unaudited) |
| Number of shares: | | |
| Weighted average number of ordinary shares in issue during the period | <u>2,000,000</u> | <u>2,000,000</u> |

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 period.

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share for the six months ended 30 June 2025 and 2024 as there were no dilutive potential ordinary shares in issue during both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment of approximately HK\$67,000 (six months ended 30 June 2024: HK\$2,181,000). Such additions mainly comprised of moulds, tools and equipment of HK\$67,000 (six months ended 30 June 2024: HK\$1,571,000).

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30 June | 31 December |
|--------------------------------|---------------|---------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Trade receivables | 73,225 | 67,659 |
| Less: Provision for impairment | <u>(197)</u> | <u>(176)</u> |
| Trade receivables, net | 73,028 | 67,483 |
| Other receivables | 3,555 | 951 |
| Other prepayments and deposits | <u>10,425</u> | <u>9,597</u> |
| | <u>87,008</u> | <u>78,031</u> |

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|---------------|--|--|
| 0 to 30 days | 20,699 | 20,277 |
| 31 to 60 days | 14,210 | 16,451 |
| 61 to 90 days | 13,506 | 13,153 |
| Over 90 days | 24,810 | 17,778 |
| | <u>73,225</u> | <u>67,659</u> |

The Group normally allows a credit period of 0 days to 120 days to its customers.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

| | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|-----------------------------|--|--|
| Trade payables | 22,458 | 33,478 |
| Accruals and other payables | 17,013 | 22,617 |
| Contract liabilities | 1,493 | 2,117 |
| | <u>40,964</u> | <u>58,212</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 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|---------------|--|--|
| 0 to 30 days | 9,010 | 14,672 |
| 31 to 60 days | 2,878 | 9,097 |
| 61 to 90 days | 2,541 | 2,659 |
| Over 90 days | 8,029 | 7,050 |
| | <u>22,458</u> | <u>33,478</u> |

13. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries are unsecured, interest-free and repayable on demand.

14. SHARE CAPITAL

Details of the movements in the authorised and issued and fully paid share capital of the Company during the year ended 31 December 2024 and the six months ended 30 June 2025 are summarised as follows:

| Ordinary shares | Par value HK\$ | Number of ordinary shares | Amount HK\$'000 |
|---|-------------------|------------------------------|----------------------|
| Authorised: | | | |
| At 1 January 2024, 31 December 2024 (audited) and 30 June 2025 (unaudited) | 0.01 | <u>5,000,000,000</u> | <u>50,000</u> |
| Issued and fully paid: | | | |
| At 1 January 2024, 31 December 2024 (audited) and 30 June 2025 (unaudited) | 0.01 | <u>2,000,000,000</u> | <u>20,000</u> |

15. RESERVES

Details of the movements of the Group's reserves for the reporting period are presented in the unaudited condensed consolidated statement of changes in equity.

The nature of the reserves is as follows:

(a) Share premium

Share premium represents the excess of proceeds received over the par value of shares issued, less expenses incurred in connection with the issue of new shares.

(b) Merger reserve

The merger reserve arose from combining the financial statements of the companies now comprising the Group under the reorganisation for the purposes of the Listing.

(c) Capital contribution

Capital contribution comprised (i) an amount of HK\$8,254,000 due to Shell Holdings which was waived by Shell Holdings; and (ii) an amount of HK\$8,682,000 which represents professional fees incurred by the Group for the Listing which were reimbursed by Shell Holdings in 2020.

(d) Translation reserve

Translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(e) Statutory reserve

In accordance with the relevant PRC rules and regulations, a subsidiary of the Company in the PRC is required to retain certain percentage of its profits after tax to the statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, this statutory reserve may be used to make good previous years' losses, if any, or to increase the paid-up capital of the subsidiary and may be used for capital expenditure on staff welfare facilities, as appropriate.

(f) Retained earnings

Retained earnings are the accumulated net gains and losses recognised in profit or loss. Proposed final dividends are deducted from retained earnings and recognised separately as dividend reserve.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

16. CAPITAL COMMITMENTS

| | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|---|--|--|
| Contracted for but not provided in the financial statements | | |
| – Acquisition of property, plant and equipment | 636 | 129 |

17. RELATED PARTY TRANSACTIONS

The amounts due to fellow subsidiaries is disclosed in note 13.

Save as disclosed elsewhere in this interim financial information, the Group had the following significant related party transactions:

Significant transactions entered by the Group with related parties during the period:

| Name | Related party relationship | Type of transaction | Transaction amount Six months ended 30 June | |
|---|-------------------------------|---|--|---------------------------------|
| | | | 2025 HK\$'000 (Unaudited) | 2024 HK\$'000 (Unaudited) |
| 佛山市順德區蜆華多媒體製品有限公司 (Shunde SMC Multi-Media Products Company Limited*) | Fellow subsidiary | Rental fee charged by the related party for leasing of staff quarter | 73 | 65 |
| PFC Device (HK) Limited | Fellow subsidiary | Purchase of raw materials from the related party | 45 | – |
| PFC Device Inc. | Fellow subsidiary | Purchase of raw materials from the related party | – | 96 |
| 廣東蜆華電器製造有限公司 (Guangdong Sien Hua Electrical Appliance Manufacturing Company Limited*) | Associate | Purchase of raw materials and goods from the related party | 24,082 | 19,178 |

* for identification purpose only

Note:

The Group entered into 2 leases agreements with a fellow subsidiary and Shell Holdings for leasing of factory, office premises, warehouse, and carpark spaces in Hong Kong and the PRC for a period of 24 months effective on 16 December 2024. For the six months ended 30 June 2025, monthly rental is approximately HK\$309,000 (six months ended 30 June 2024: HK\$310,000), which was determined with reference to amounts charged by the fellow subsidiary and Shell Holdings to third parties. The Group recognised right-of-use assets and lease liabilities in relation to the above-mentioned lease agreements for factory, office premises, warehouse and carpark spaces under HKFRS 16 *Leases*. For the six months ended 30 June 2025, total undiscounted rental payments under these leases were approximately HK\$1,851,000 (six months ended 30 June 2024: HK\$1,858,000).

The monthly rental payable for leasing the staff quarters at Shunde, the PRC, is charged based on the actual number of rooms used and recognised in profit or loss when it is incurred. Rental payment for the leasing of staff quarters for the period ended 30 June 2025 amounted to RMB68,000 (equivalent to approximately HK\$73,000) (six months ended 30 June 2024: RMB59,000 equivalent to approximately HK\$65,000).

The above transactions were conducted on mutually agreed terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the Group's sales increased compared to last year. The electric fan business performed above expectation and was able to obtain a double digit growth in both Africa and Australia. For the electric tools business, sales was similar to the same period as last year. The operation in Vietnam had moved to a new factory, to make adequate preparation for the future.

Looking forward, year 2025 continues to be challenging. We will continue to keep abreast of changes in market demand, to provide quality services and products in accordance to customers' needs. In addition, we will adopt flexible sales strategies and strive to achieve a stable return.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's operations for the six months ended 30 June 2025 amounted to HK\$130.0 million, representing an increase of HK\$6.1 million or 4.9% as compared to HK\$123.9 million for the corresponding period in 2024. Such increase was primarily attributable to the increase in the sales volume.

The Group's gross profit for the six months ended 30 June 2025 amounted to HK\$32.7 million, representing a decrease of HK\$2.0 million as compared to HK\$34.7 million for the corresponding period in 2024. The gross profit margin for the six months ended 30 June 2025 was 25.2%, representing a decrease of 2.8 percentage points compared to 28.0% for the corresponding period in 2024. The decrease in gross profit for the period was mainly attributable to the decrease of sales unit price of electric tools.

Profit attributable to the owners of the Company for the six months ended 30 June 2025 was HK\$12.9 million, representing a decrease of HK\$0.1 million or 0.8% as compared to HK\$13.0 million for the corresponding period in 2024. The decrease in profit for the period was mainly attributable to the decrease of sales unit price of electric tools.

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 2025, the Group's total cash and bank balances amounted to approximately HK\$86.9 million (31 December 2024: HK\$90.4 million) which is mainly denominated in United States Dollars ("US\$").

As at 30 June 2025, the current ratio of the Group was approximately 3.90 times (31 December 2024: approximately 2.98 times).

The capital of the Group comprises only ordinary shares. As at 30 June 2025, 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 report.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong, the PRC and Vietnam. The functional currencies of the Company and the Group's operating entities are mainly HK\$ and Renminbi ("RMB") with certain of their business transactions being settled in US\$. The Group is thus exposed to currency risk arising from fluctuation on exchange rates of foreign currencies, primarily HK\$, RMB and US\$ against the functional currencies of the relevant operating entities. During the period, the Group does not have a 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 2025 was nil (31 December 2024: nil) as the Group had net cash balances at the respective period end.

Capital Expenditure and Capital Commitments

During the six month ended 30 June 2025, the Group incurred capital expenditure of approximately HK\$0.2 million for purchases of property, plant and equipment and prepayments for acquisition of property, plant and equipment (six months ended 30 June 2024: approximately HK\$0.4 million).

As at 30 June 2025, the Group had total capital commitments of approximately HK\$0.6 million (31 December 2024: HK\$0.1 million) for the acquisition of property, plant and equipment.

Contingent Liabilities

The Directors confirm that there were no material contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

Segment Information

Segment information for the Group is presented as disclosed in note 4 to the unaudited condensed consolidated financial information.

Significant Investment/Material Acquisition and Disposal

During the six months ended 30 June 2025, the Group had not made any significant investments or material acquisitions and disposal of subsidiaries.

Employees and Remuneration Policy

As at 30 June 2025, the total number of employees of the Group was 115 (31 December 2024: 115), which were stationed in the PRC, Hong Kong and Vietnam. The Group regularly reviews remuneration and benefits to its employees according to the relevant market practices 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 2025, the Group did not have any assets which were pledged as security for the Group's borrowings (31 December 2024: Nil).

INTERIM DIVIDEND

DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.005 (six months ended 30 June 2024: HK\$0.005) per share for the six months ended 30 June 2025 to be paid on Friday, 26 September 2025 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 10 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 8 September 2025 to Wednesday, 10 September 2025, both dates inclusive, during which period no transfer of shares of the Company will be registered for the purpose of determining the entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Friday, 5 September 2025 for registration.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2025, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company, its subsidiaries and its associated corporations (within the meaning of the Part XV of Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

I. Interests in issued shares

| Name of Director | Capacity/Nature of interest | Number of shares held/interested in the Company | Percentage of shareholding as at 30 June 2025 |
|--|--|---|---|
| Mr. Yung Kwok Kee, Billy ("Mr. Yung") | Interest in a controlled corporation (Note) | 1,500,000,000 | 75.00% |

Note:

Mr. Yung holds the entire issued shares of Red Dynasty Investments Limited ("Red Dynasty") which, in turn, holds 80.5% interest in Shell Holdings. Accordingly, Mr. Yung is deemed to be interested in the shares held by Shell Holdings by virtue of the SFO.

II. Interests in the shares of associated corporation

| Name of Director/ chief executive | Name of associated corporation | Capacity/ Nature of interest | Number of shares in associated corporation | Percentage of shareholding as at 30 June 2025 |
|--------------------------------------|-----------------------------------|--|--|---|
| Mr. Yung | Shell Holdings | Interest in a controlled corporation (Note) | 421,531,111 | 80.5% |

Note:

Shell Holdings is owned as to 80.5% by Red Dynasty. Red Dynasty is wholly-owned by Mr. Yung. By virtue of the SFO, Mr. Yung is deemed to be interested in the shares of Shell Holdings held by Red Dynasty.

Save as disclosed above, as at 30 June 2025, none of the Directors nor chief executive or any of their respective associates has registered an interest or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

B. Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures

According to the register of substantial shareholders maintained under Section 336 of the SFO as at 30 June 2025, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital.

| Name of substantial shareholders | Capacity/nature of interest | Number of shares held/interested in | Long/short position | Percentage of shareholding as at 30 June 2025 |
|--|--------------------------------------|-------------------------------------|---------------------|---|
| Shell Holdings | Beneficial owner | 1,500,000,000 (<i>Note 1</i>) | Long | 75.00% |
| Red Dynasty | Interest in a controlled corporation | 1,500,000,000 (<i>Note 1</i>) | Long | 75.00% |
| Mr. Yung | Interest in a controlled corporation | 1,500,000,000 (<i>Note 1</i>) | Long | 75.00% |
| Mrs. Yung | Interest of spouse | 1,500,000,000 (<i>Note 2</i>) | Long | 75.00% |
| Hong Kong Construction (Hong Kong) Limited | Beneficial owner | 180,090,000 (<i>Note 3</i>) | Long | 9.00% |
| HKC (Holdings) Limited | Interest in a controlled corporation | 180,090,000 (<i>Note 3</i>) | Long | 9.00% |
| Creator Holdings Limited | Interest in a controlled corporation | 180,090,000 (<i>Note 3</i>) | Long | 9.00% |
| Claudio Holdings Limited | Interest in a controlled corporation | 180,090,000 (<i>Note 3</i>) | Long | 9.00% |
| Mr. Oei Kang, Eric (" Mr. Oei ") | Interest in a controlled corporation | 180,090,000 (<i>Note 3</i>) | Long | 9.00% |

Notes:

1. Mr. Yung holds the entire issued share capital of Red Dynasty, which, in turn, holds 80.5% interest in Shell Holdings. Accordingly, Mr. Yung is deemed to be interested in the shares held by Shell Holdings by virtue of the SFO.
2. Ms. Vivian Hsu ("**Mrs. Yung**") is the spouse of Mr. Yung. By virtue of the SFO, Mrs. Yung is deemed to be interested in all the shares in which Mr. Yung is deemed to be interested.
3. Hong Kong Construction (Hong Kong) Limited is wholly-owned by HKC (Holdings) Limited and HKC (Holdings) Limited was held as to approximately 67.829% by Claudio Holdings Limited (via its wholly-owned subsidiaries, Creator Holdings Limited and Genesis Capital Group Limited), a company wholly-owned by Mr. Oei.

Save as disclosed above, as at 30 June 2025 and so far as known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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.

As at 1 January 2025 and 30 June 2025, the number of share options available for grant under the Share Option Scheme was 200,000,000.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, 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 as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025.

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 C3 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 six months ended 30 June 2025. 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 2025, including the accounting principles and practices adopted by the Group, and discussed financial reporting, auditing and internal controls matters and reviewed this interim report.

By Order of the Board
SMC Electric Limited
LI Pik Mui, Cindy
Non-Executive Director

Hong Kong, 22 August 2025

As at the date of this report, the Board comprises three executive directors, namely, Mr. LEUNG Chun Wah, Mr. TANG Che Yin and Mr. CHOW Kai Chiu, David; two non-executive directors, namely, Mr. YUNG Kwok Kee, Billy and Mdm. LI Pik Mui, Cindy; and three independent non-executive directors, namely, Mr. LEUNG Man Chiu, Lawrence, Mr. POON Chak Sang, Plato and Mr. HO Chi Sing, Spencer.