



(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2381)

15 September 2026

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CLSA LIMITED FOR AND ON
BEHALF OF MEGA NOVA HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
SMC ELECTRIC LIMITED
(OTHER THAN THOSE SHARES
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND OFFEROR CONCERT PARTIES)**

INTRODUCTION

We refer to the composite document (the “**Composite Document**”) dated 15 September 2026 jointly issued by the Company and the Offeror in relation to, among other things, the Offer, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Composite Document.

We have been appointed by the Board as the Independent Board Committee for the purpose of advising the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and making recommendation in respect of acceptance thereof.

Red Sun Capital Limited, being the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us in respect of the Offer and, in particular, as to whether the Offer is or is not fair and reasonable and to make recommendation in respect of acceptance thereof pursuant to Rule 2.1 of the Takeovers Code. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” as contained in the Composite Document.

We also wish to draw your attention to the "Letter from CLSA", the "Letter from the Board" and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having considered the terms of the Offer, the information contained in this Composite Document and having taken into account the advice and recommendation of the Independent Financial Adviser and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders to accept the Offer.

The Independent Shareholders, in particular those who intend to accept the Offer, are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer in respect of those Shares.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to accept the Offer or to hold your investment in the Shares is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the terms and procedures for acceptance of the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of the Independent Board Committee of
SMC Electric Limited

Li Pik Mui
Cindy
Non-executive Director

Leung Man Chiu
Lawrence
Independent
non-executive Director

Poon Chak Sang
Plato
Independent
non-executive Director

Ho Chi Sing
Spencer
Independent
non-executive Director

