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**SEM Holdings Limited**  
**澳達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9929)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

The board (the “Board”) of directors (the “Directors”) of SEM Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2019 together with comparative figures for the year ended 31 December 2018 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2019*

	<i>Notes</i>	<b>2019</b> <i>MOP’000</i>	2018 <i>MOP’000</i>
Revenue	3	<b>203,087</b>	185,229
Cost of sales		<u><b>(147,063)</b></u>	<u>(128,888)</u>
Gross profit		<b>56,024</b>	56,341
Other income	5	<b>176</b>	123
Impairment losses	6	<b>(621)</b>	–
Administrative expenses		<b>(10,986)</b>	(6,275)
Interest on lease liabilities		<b>(156)</b>	(36)
Listing expenses	7	<u><b>(17,150)</b></u>	<u>(1,740)</u>
Profit before taxation	7	<b>27,287</b>	48,413
Taxation	8	<u><b>(7,020)</b></u>	<u>(6,927)</u>
Profit and total comprehensive income for the year		<u><b>20,267</b></u>	<u>41,486</u>
Earnings per share (MOP cent)			
Basic	10	<u><b>1.35</b></u>	<u>2.50</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	<b>2019</b> <i>MOP'000</i>	2018 <i>MOP'000</i>
Non-current assets			
Property, plant and equipment		<u>15,665</u>	<u>15,374</u>
Current assets			
Trade and other receivables	11	46,924	42,607
Contract assets	12	68,425	50,964
Amount due from a director		1,016	1,012
Amount due from immediate holding company		586	586
Amount due from a related company		–	213
Pledged bank deposits		34,110	29,021
Time deposit		7,055	7,371
Bank balances and cash		<u>33,552</u>	<u>26,951</u>
		<u>191,668</u>	<u>158,725</u>
Current liabilities			
Trade and other payables	13	45,714	17,401
Contract liabilities		63	14,539
Lease liabilities		1,101	672
Amount due to a director		367	360
Amounts due to related companies		–	164
Taxation payable		<u>8,456</u>	<u>9,823</u>
		<u>55,701</u>	<u>42,959</u>
Net current assets		<u>135,967</u>	<u>115,766</u>
Total assets less current liabilities		<u>151,632</u>	<u>131,140</u>
Non-current liabilities			
Lease liabilities		<u>225</u>	<u>–</u>
		<u>151,407</u>	<u>131,140</u>
Capital and reserves			
Share capital		464	464
Reserves		<u>150,943</u>	<u>130,676</u>
		<u>151,407</u>	<u>131,140</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 6 November 2015 and its shares were listed on The Main Board of The Stock Exchange Hong Kong Limited (the “**Stock Exchange**”) on 14 February 2020 (the “**Listing**”).

The Company acts as an investment holding company and its subsidiaries are principally engaged in provision of electrical and mechanical engineering services.

The consolidated financial statements are presented in Macau Pataca (“**MOP**”), which is the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group has consistently applied all the new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are effective for the accounting period beginning on 1 January 2019 for the years ended 31 December 2018 and 2019.

The HKICPA has issued a number of new standards and amendments to standards which are not effective for accounting period beginning 1 January 2019 and have not been early adopted by the Group.

### 3. REVENUE

Revenue represents the fair value of amounts received and receivable from the provision of electrical and mechanical engineering services by the Group to external customers which is recognised over time as the Group’s contract work enhances an asset that the external customers control as the Group performed. The Group’s revenue is derived from provision of electrical and mechanical engineering services in Macau during the year.

	<b>2019</b>	2018
	<b><i>MOP’000</i></b>	<i>MOP’000</i>
Provision of electrical and mechanical engineering services	<b><u>203,087</u></b>	<u>185,229</u>

The customers of the Group are mainly main contractors and subcontractors in Macau. Contracts with the Group’s customers are mainly fixed-price contracts, except for the variation orders.

## Disaggregation of revenue

	2019 <i>MOP'000</i>	2018 <i>MOP'000</i>
<b>By property type</b>		
Hotels and casino	158,043	89,960
Commercial properties	30,289	89,727
Residential properties	12,272	4,350
Others	2,483	1,192
	<u>203,087</u>	<u>185,229</u>

## Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price in respect of provision of electrical and mechanical engineering services allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the end of the reporting period and the expected timing of recognising revenue are as follows:

	2019 <i>MOP'000</i>	2018 <i>MOP'000</i>
Within one year	156,242	53,409
More than one year but not more than two years	73,731	–
	<u>229,973</u>	<u>53,409</u>

## 4. SEGMENT INFORMATION

The Group is engaged in a single operating segment focusing on the provision of electrical and mechanical engineering services. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the directors of the Company, being the chief operating decision makers, for the purpose of result allocation and performance assessment. Therefore, no further analysis of segment information is presented.

### Geographical information

The Group's revenue is all derived from operation in Macau Special Administrative Region of the People's Republic of China ("Macau") and the Group's non-current assets are all located in Macau.

### Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the year are as follows:

	2019 <i>MOP'000</i>	2018 <i>MOP'000</i>
Customer A	98,122	65,744
Customer B	46,120	47,264

## 5. OTHER INCOME

	2019 <i>MOP'000</i>	2018 <i>MOP'000</i>
Interest income	174	123
Others	<u>2</u>	<u>–</u>
	<b><u>176</u></b>	<b><u>123</u></b>

## 6. IMPAIRMENT LOSSES

	2019 <i>MOP'000</i>	2018 <i>MOP'000</i>
Impairment losses recognised on:		
– trade receivables	485	–
– contract assets	<u>136</u>	<u>–</u>
	<b><u>621</u></b>	<b><u>–</u></b>

## 7. PROFIT BEFORE TAXATION

	2019 <i>MOP'000</i>	2018 <i>MOP'000</i>
Profit before taxation has been arrived at after charging:		
Director's remuneration	2,218	1,707
Other staff costs		
– salaries and other allowance	4,801	3,169
– retirement benefit scheme contributions	<u>121</u>	<u>50</u>
Total staff costs	7,140	4,926
Less: staff costs included in cost of services	<u>(919)</u>	<u>(1,014)</u>
	<b><u>6,221</u></b>	<b><u>3,912</u></b>
Auditor's remuneration	1,135	13
Depreciation of property, plant and equipment	2,136	1,530
Loss on disposal of property, plant and equipment	3	–
Listing expenses ( <i>note</i> )	<b><u>17,150</u></b>	<b><u>1,740</u></b>

*Note:* Included in listing expenses for the year ended 31 December 2018 was professional fees of MOP917,000, which were incurred in relation to a previous potential listing exercise that was expensed.

## 8. TAXATION

	<b>2019</b> <i>MOP'000</i>	2018 <i>MOP'000</i>
Macau Complementary Tax		
Current tax	<b>7,020</b>	6,948
Overprovision in prior years	–	(21)
	<u><b>7,020</b></u>	<u>6,927</u>

Macau Complementary Tax is calculated at 12% (2018: 12%) of the estimated assessable profits exceeding MOP600,000 for the year.

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profit for the year. No provision for Hong Kong Profits Tax was made in the consolidated financial statements for both years as the subsidiaries operating in Hong Kong have no assessable profits for both years.

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

## 10. EARNINGS PER SHARE

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

	<b>2019</b> <i>MOP'000</i>	2018 <i>MOP'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u><b>20,267</b></u>	<u>41,486</u>
	<b>2019</b> <b>Number of</b> <b>shares</b> <b>'000</b>	2018 Number of shares '000
<b>Weighted average number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><b>1,500,000</b></u>	<u>1,660,731</u>

The weighted average number of shares for the purpose of calculating basis earnings per share has been determined on the assumption that the capitalisation issue as described in the section headed “Share Capital” in the prospectus of the Company dated 31 January 2020 (the “**Prospectus**”) have been effective on 1 January 2018. The weighted average number of shares for calculating basic earnings per share was taken into account of share repurchase as at 19 December 2018.

No diluted earnings per share for both years was presented as there were no potential ordinary shares in issue during both years.

## 11. TRADE AND OTHER RECEIVABLES

The Group usually allows a credit period of 30 to 60 days to its customers. The following is an aging analysis of trade receivables net of allowance for credit losses based on the invoice dates at the end of the reporting period are as follows:

	<b>2019</b> <i>MOP'000</i>	2018 <i>MOP'000</i>
Within 30 days	<b>18,016</b>	18,691
31 to 60 days	<b>14,748</b>	9,241
61 to 90 days	<b>2,838</b>	5,105
Over 90 days	<b>4,221</b>	3,618
	<b>39,823</b>	36,655

## 12. CONTRACT ASSETS

	<b>2019</b> <i>MOP'000</i>	2018 <i>MOP'000</i>
<b>Contract assets</b>		
Provision of electrical and mechanical engineering services	<b>68,425</b>	50,964

The Group also typically agrees to a defect liability period of 1 year from the date of the practical completion of the construction for 5% to 10% of the contract sum. This amount of retention money is included in contract assets until the end of the defect liability period as the Group's entitlement to this final payment is conditional on completion of defect liability period. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of 1 years from the date of the completion of respective projects.

## 13. TRADE AND OTHER PAYABLES

The credit period of trade payables is ranging from 30 to 90 days. The following is an aging analysis of the trade payables based on the invoice date at the end of the reporting period:

	<b>2019</b> <i>MOP'000</i>	2018 <i>MOP'000</i>
Within 30 days	<b>27,900</b>	9,083
31 to 60 days	<b>1,009</b>	2,611
61 to 90 days	<b>5,058</b>	1,394
Over 90 days	<b>93</b>	186
	<b>34,060</b>	13,274

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND MARKET PROSPECT**

Founded in 2006, the Group is a renowned and well-established electrical and mechanical (“E&M”) engineering works contractor in Macau with our focus on providing electrical-related E&M engineering works. The scope of our E&M engineering works mainly consisted of supply, installation and maintenance of electrical system, for new and existing buildings in the projects of commercial and residential development, hotel and casino development and renovation in Macau.

For the year ended 31 December 2019 (the “**Year 2019**”), the Group recorded a total revenue of approximately MOP203.1 million, which was 9.6% higher as compared to the year ended 31 December 2018 (the “**Year 2018**”). Due to the Macau Government development policy, the increase was noted in terms of the number of infrastructures, development and renovation projects. Benefit from that, the Group has captured the trend so that the revenue increased accordingly.

During the Year 2019, an aggregate contract value of MOP379.7 million was awarded to the Group. As at 31 December 2019, the outstanding contract sum of approximately MOP230.0 million was in progress.

The Macau Government has also promoted the construction of Smart City, ranging from hospitality facilities, transportation management to telecommunications and 5G network. The sustained renovations in urban renewal and upgrade of buildings will be expected, meaning the potential market in future coming years and thus, the Group is optimistic about the E&M market of Macau in the coming years.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group’s revenue increased by 9.6%, from MOP185.2 million for the Year 2018 to MOP203.1 million for the Year 2019. Such increase was mainly due to the Group’s maximising on the utilisation of its existing capacity as demonstrated by the increase in the number of projects undertaken by the Group for the Year 2019 compared to that of the Year 2018. In particular, the increase in Group’s revenue was driven by the increase in the number of projects where E&M involved for the Year 2019 when comparing to the number of E&M maintenance projects for the Year 2018.

The growth in revenue was offsetted by the projects, the contract sum of above MOP100 million, being closed to their completion, resulting in a relatively lower level of revenue contributed during the Year 2019.



## **Cost of Sales**

The Group's cost of sales amounted to approximately MOP147.1 million for the Year 2019, representing an increase of 14.1% from approximately MOP128.9 million for the Year 2018. Cost of sales mainly comprised of costs of materials and subcontracting costs, which accounted for approximately 20.3% and 60.0% respectively of the Group's total cost of sales for the Year 2019 (2018: 37.2% and 34.3% respectively).

## **Gross Profit/Gross Profit Margin**

The Group's overall gross profit for our provision of E&M engineering works remained stable of approximately MOP56.0 million for the Year 2019 and approximately MOP56.3 million for the Year 2018. The gross profit margin decreased from 30.4% for the Year 2018 to approximately 27.6% for the Year 2019.

The decrease was mainly attributable to the projects for the Year 2018 of relatively higher gross profit margin due to (i) the variation works as a result of the alteration of the construction plan; and (ii) our successful negotiation with our customers for a relatively higher profit margin in view of the short completion time required. Those projects were at their latter stage and approaching practical completion, of which the gross profit contribution is relatively larger for the Year 2018. The decrease in gross profit margin was net off by the effect of several maintenance projects with higher margin being awarded in the Year 2019, as a result the overall gross profit margin was slightly decreased for the Year 2019.

Despite the drop in margin, the Directors consider that the gross profit margin has been maintained at a healthy position as such gross profit margin is similar with previous years' margin which ranged from approximately 24% to 31%.

## **Other Income**

Other income mainly included income from interest income from banks and sundry income. For the Year 2019, the Group's other income amounted to approximately MOP0.2 million (2018: approximately MOP0.1 million). Such increase was mainly attributable to the interest income from bank as a result of higher average bank balance for the Year 2019.

## **Administrative Expenses**

The Group's administrative expenses increased from approximately MOP6.3 million for the Year 2018 to approximately MOP11.0 million for the Year 2019. Such increase was mainly due to (i) the increase in our total staff costs which was mainly due to the discretionary bonus and salary increment for our management and administrative staff; (ii) the legal and professional fee for the preparation for annual result after the Listing; and (iii) the increase in our depreciation expenses which was mainly driven by the increase in our right-of-use assets for leased properties.

## **Taxation**

The Group's income tax expense slightly increased by approximately 1.3% from approximately MOP6.9 million for the Year 2018 to approximately MOP7.0 million for the Year 2019, which was due to some non-deductible administrative expenses for tax purpose in headquarters during the Year 2019.

## **Net Profit and Adjusted Net Profit**

The Group reported a net profit for the Year of approximately MOP20.3 million, representing a decrease of approximately 51.1% as compared with a net profit of approximately MOP41.5 million generated for the Year 2018. If the non-recurring listing expenses were excluded, the Group's adjusted net profit for the Year 2019 would be approximately MOP37.4 million, representing a decrease of approximately 13.4% from the adjusted net profit of approximately MOP43.2 million for the Year 2018. The adjusted basic earnings per share for the Year 2019 would be approximately MOP2.5 cents. (2018: approximately MOP: 2.6 cents).

## **Final Dividend**

The Board did not recommend the payment of a final dividend for the Year 2019 (2018: nil).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group has financed its operations primarily through cash inflows from operating activities. As at 31 December 2019, the Group had cash and cash equivalents of approximately MOP33.6 million (2018: approximately MOP27.0 million).

As at 31 December 2019, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately MOP136.0 million (2018: approximately MOP115.8 million) and approximately MOP151.4 million (2018: approximately MOP131.1 million), respectively.

Gearing ratio (total debt including amounts due to related parties and Directors/total equity) as at 31 December 2019 was approximately 36.9% (2018: approximately 32.8%). Such increase was mainly due to the combined effect of increase in trade payables due to the several project status being in full swing.

## **TREASURY POLICY**

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## **CURRENCY RISK**

The Group has minimal exposure to foreign currency risk as most of its business transactions and assets and liabilities are principally denominated in the functional currencies of the relevant group entities. As such, the Group currently does not have any foreign currency hedging policy in respect of foreign currency transactions and assets and liabilities as the Group's risk in foreign exchange is insignificant. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

## **INTEREST RATE RISK**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets, mainly interest-bearing bank balances. The interest rates of these bank deposits are determined by reference to the respective bank offer rate. The Group currently does not have any interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate risk should the need arise.

## **PRINCIPAL RISK AND UNCERTAINTY**

The Group's business operations are conducted in Macau providing the electrical-related E&M engineering works and our engagements with customers were on a project basis and non-recurring in nature that we did not enter into any long-term agreement or master service agreement with them. We have to undergo the competitive bidding process for every new project. In the event that we are unable to attract new customers or secure new projects from our existing customers, there may be a significant decrease in our revenue. Our operations and financial results would hence be adversely affected.

Other principal risks include fluctuations in estimated project costs versus the actual project cost incurred due to unexpected circumstances and imported labour quota allocated to our projects, both of which would adversely affect the Group's operations and financial performance.

The Group is also exposed to certain market risks such as currency risk, interest rate risk, credit risk, liquidity risk, etc..

The Group believes that risk management is the responsibility of everyone within the Group and has implemented a risk management system to mitigate the risks in daily operations. Risk management is led by the Directors at the top, who take both macro and micro economic conditions into account before making business decisions, and also aims to develop risk awareness and control responsibility as the Group's culture and the foundation of the Group's internal controls system.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSALS**

There were no significant investments held, nor any material acquisitions or disposals of subsidiaries, associated companies apart from the group reorganisation in relation to the Listing as disclosed in the Prospectus for the Year 2019.

## **PLEDGE OF ASSETS**

Pledged bank deposits as at 31 December 2018 and 31 December 2019 are pledged to secure the performance bonds granted to the Group. The Group had no other material pledge of assets as at 31 December 2018 and 31 December 2019.

## **FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

Save as disclosed above and in the Prospectus, the Group does not have other plans for material investments and capital assets as at 31 December 2019 and up to the date of this announcement.

## **CAPITAL COMMITMENTS**

The Group had no material capital commitments as at 31 December 2019 (2018: Nil).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 December 2019 (2018: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

The outbreak of COVID-19 in mainland China and the subsequent quarantine measures imposed by the mainland Chinese government as well as the travel restrictions imposed by other countries in early 2020 have had an impact on the operations of the Group, as most of the Group's operations are located in Macau. The Group had to suspend its electrical and mechanical contract work for certain days in January and February 2020 voluntarily in an effort to contain the spread of the epidemic. The Group had resumed those contract work in March 2020.

As the situation remains fluid as at the date these consolidated financial statements are authorised for issue, the Directors considered that the financial effects of the COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated and will closely monitor the Group's exposure to the risks and uncertainties in connection with the coronavirus pneumonia epidemic.

There have been no other material events occurring after the Year 2019 and up to the date of this announcement.

## **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

During the Year 2019, as far as the Board and the management are aware, save as the non-compliance disclosed in the section headed "Business – Non-compliance" in the Prospectus, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has material impact on the business and operation of the Group.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 23 employees including directors as at 31 December 2019 (2018: 20), among which 13 and 10 were stationed in Macau and Hong Kong, respectively. The total staff costs (including fees, salaries and other allowance, and retirement benefit scheme contributions) for the Year 2019 were approximately MOP7.1 million (2018: approximately MOP4.9 million). The remuneration policy and package of the Group's employees were periodically reviewed. Apart from retirement benefit scheme contributions, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The remuneration policy in place as at 31 December 2019 was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group.

## USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the “**Shares**”) have been listed on the Stock Exchange on 14 February 2020 (the “**Listing Date**”). Net proceeds from the Listing were approximately MOP73.2 million (after deducting the underwriting commission and other listing expenses in connection to the Listing). As at the date of this announcement, the net proceeds had been utilised as follows:

	Net proceeds from the Listing <i>MOP million</i>	Actual usage up to the date of this announcement <i>MOP million</i>	Unutilised amounts as at the date of this announcement <i>MOP million</i>
Payment of the upfront cost for our future projects	22.9	–	22.9
Payment of the performance bonds for our future projects	22.9	–	22.9
Establishing E&M Maintenance Department	15.3	–	15.3
Strengthening manpower	7.2	–	7.2
Strengthening manpower for (E&M Maintenance Department)	4.4	–	4.4
General working capital	0.5	–	0.5
	<u>73.2</u>	<u>–</u>	<u>73.2</u>

The unutilised proceeds of approximately MOP73.2 million were placed with a licensed bank in Hong Kong.

The Group targets to complete the implementation of the future plan within one year after the Listing. Please refer to the Prospectus for details of the future plans of use of proceeds.

## SHARE OPTION SCHEME

On 22 January 2020, the Company conditionally adopted the share option scheme (the “**Share Option Scheme**”) as incentive or reward for contributions that the eligible participants have made or may make to the Group. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix V to the Prospectus.

There were no share options outstanding under the Share Option Scheme nor were any share options granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption date and up to the date of this announcement.

## **PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities since the Listing Date and up to the date of announcement.

## **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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as a code of conduct of the Company regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code since the Listing Date and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed in achieving a high standard of corporate governance standard. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the "**CG code**") contained in Appendix 14 to the Listing Rules. As the Shares were not listed on the Main Board of the Stock Exchange until the Listing Date, the CG code provisions were not applicable to the Company before the Listing Date. To the best of the knowledge of the Board, the Company has complied with the CG code since the Listing Date and up to the date of this announcement. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, which include the review of the audited consolidated financial statements of the Group for the Year 2019.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year 2019 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT**

The annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([semhld.com](http://semhld.com)). The annual report will also be available at the above websites and will be despatched to the Shareholders in due course.

By order of the Board of Directors

**SEM Holdings Limited**

**Woo Chu Fai**

*Executive Director and chief executive officer*

Hong Kong, 31 March 2020

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. Woo Chu Fai, Mr. Wun Chi Wai and Mr. Yu Chi Kwan as executive Directors; Mr. Wan Man Keung and Mrs. Kan Wan Wai Yee Mavis as non-executive Directors; and Mr. Lau Ping Cheung Kaizer, Dr. Sham Chung Ping Alain, BBS and Mr. May Tai Keung Nicholas as independent non-executive Directors.*