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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “Board”) of directors (the “Directors”) of SEM Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020 together with comparative figures for the corresponding six months period in 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	<i>NOTES</i>	Six months ended 30 June	
		2020 <i>MOP'000</i> (unaudited)	2019 <i>MOP'000</i> (unaudited)
Revenue	4	44,881	88,022
Cost of sales		(34,257)	(62,784)
Gross profit		10,624	25,238
Other income	5	282	36
Impairment losses		(60)	(216)
Administrative expenses		(9,221)	(5,212)
Interest on lease liabilities		(58)	(38)
Listing expenses		(7,390)	(10,575)
(Loss) profit before taxation	6	(5,823)	9,233
Taxation	7	(640)	(2,786)
(Loss) profit and total comprehensive (expense) income for the period		<u>(6,463)</u>	<u>6,447</u>
(Loss) earnings per share (<i>MOP cent</i>)			
Basic	9	<u>(0.34)</u>	<u>0.43</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		As at	
		30 June 2020	31 December 2019
	NOTES	MOP'000 (unaudited)	MOP'000 (audited)
Non-current assets			
Property, plant and equipment	10	<u>16,225</u>	<u>15,665</u>
Current assets			
Trade and other receivables	11	37,111	46,924
Contract assets	12	88,151	68,425
Amount due from a director		–	1,016
Amount due from immediate holding company		–	586
Amount due from a related company		4	–
Pledged bank deposits		21,518	34,110
Time deposit		112,524	7,055
Bank balances and cash		<u>19,661</u>	<u>33,552</u>
		<u>278,969</u>	<u>191,668</u>
Current liabilities			
Trade and other payables	13	33,485	45,714
Contract liabilities	12	1,444	63
Lease liabilities		1,234	1,101
Amount due to a director		153	367
Taxation payables		<u>9,095</u>	<u>8,456</u>
		<u>45,411</u>	<u>55,701</u>
Net current assets		<u>233,558</u>	<u>135,967</u>
Total assets less current liabilities		<u>249,783</u>	<u>151,632</u>
Non-current liabilities			
Lease liabilities		<u>164</u>	<u>225</u>
		<u>249,619</u>	<u>151,407</u>
Capital and reserves			
Share capital	14	20,630	464
Reserves		<u>228,989</u>	<u>150,943</u>
		<u>249,619</u>	<u>151,407</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL

SEM Holdings Limited 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 addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the interim report. The immediate holding company of the Company is SEM Enterprises Limited, which was incorporated in the British Virgin Islands.

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

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

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group’s workforce in the construction site has been reduced due to the quarantine measures in Macau in an effort to contain the spread of the pandemic which substantially affected the business operation and the construction progress. Even though the contract works of some construction sites have been resumed, the progress was relatively slow. On the other hand, the Macau Governments have announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the consolidated financial positions and performance of the Group were affected in different aspects, including reduction of revenue, increase government subsidies in relation to the pandemic.

2. REORGANISATION AND BASIS OF PREPARATION

Historically, the business operation of the Group was carried out by Ready System Engineering Limited (“Ready System (Macau)”). Upon group reorganisation in 2015, Ready System (Macau) become a wholly owned subsidiary of the Company, more fully explained in the section headed “History, Reorganisation and Group Structure” in the prospectus dated 31 January 2020 (the “Prospectus”).

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (the “HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied the amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's unaudited condensed consolidated financial statements. The application of the amendments to HKFRSs in the current period has had no material impact on the Group's consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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.

	Six months ended 30 June	
	2020	2019
	<i>MOP'000</i>	<i>MOP'000</i>
	(unaudited)	(unaudited)
Provision of electrical and mechanical engineering services	44,881	88,022

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

	Six months ended 30 June	
	2020	2019
	<i>MOP'000</i>	<i>MOP'000</i>
	(unaudited)	(unaudited)
By property type		
Hotels and Casinos	42,463	57,372
Residential properties	151	6,601
Commercial properties	1,220	22,004
Others	1,047	2,045
	44,881	88,022

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 and the Group's non-current assets are all located in Macau.

5. OTHER INCOME

	Six months ended 30 June	
	2020 <i>MOP'000</i> (unaudited)	2019 <i>MOP'000</i> (unaudited)
Other income		
Government subsidy (<i>Note</i>)	150	–
Bank interest income	132	34
Others	–	2
	282	36

Note: The Macau Government authority has granted one-off epidemic prevention subsidy to the Group amounting to MOP150,000 (2019: nil) in relation to the COVID-19 which was recognised in the profit or loss in the period which they received.

6. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020 <i>MOP'000</i> (unaudited)	2019 <i>MOP'000</i> (unaudited)
(Loss) profit before taxation has been arrived at after charging (crediting) to profit and loss:		
Depreciation of property, plant and equipment	1,312	953
Listing expenses	7,390	10,575

7. TAXATION

	Six months ended 30 June	
	2020 <i>MOP'000</i> (unaudited)	2019 <i>MOP'000</i> (unaudited)
Macau Complementary Tax		
Current tax	940	2,786
Overprovision in prior years	(300)	–
	640	2,786

Macau Complementary Tax is calculated at 12% (six months ended 30 June 2019: 12%) of the estimated assessable profits exceeding MOP600,000 for the periods.

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profit for the periods. No provision for Hong Kong Profit Tax was made in the unaudited condensed consolidated financial statements for both periods as the subsidiaries operating in Hong Kong have no assessable profits for both periods.

11. TRADE RECEIVABLES

	As at	
	30 June 2020 <i>MOP'000</i> (unaudited)	31 December 2019 <i>MOP'000</i> (audited)
Trade receivables	32,870	40,308
Less: allowance for credit losses	<u>(184)</u>	<u>(485)</u>
	32,686	39,823
Other receivables	<u>4,425</u>	<u>7,101</u>
	<u>37,111</u>	<u>46,924</u>

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:

	As at	
	30 June 2020 <i>MOP'000</i> (unaudited)	31 December 2019 <i>MOP'000</i> (audited)
Within 30 days	1,563	18,016
31–60 days	993	14,748
61–90 days	9,597	2,838
Over 90 days	<u>20,533</u>	<u>4,221</u>
	<u>32,686</u>	<u>39,823</u>

The other receivables mainly consist of purchase deposits and prepayments of retainer services. As at 31 December 2019, on top of these, there were also some deferred listing costs which all have been realised as at 30 June 2020.

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at	
	30 June 2020 <i>MOP'000</i> (unaudited)	31 December 2019 <i>MOP'000</i> (audited)
Contract assets		
Provision of electrical and mechanical Engineering services	<u>88,151</u>	<u>68,425</u>
Contract liabilities		
Provision of electrical and mechanical Engineering services	<u>1,444</u>	<u>63</u>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on quantity surveyors' or customers' inspection. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period with reference to surveys of work performed to date. The Group typically transfers the contract assets to trade receivables when the rights become unconditional.

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 year from the date of the completion of respective projects.

The following is an aging analysis of retention money which is to be settled, based on the expiry of defect liability period, at the end of the reporting period.

	As at	
	30 June	31 December
	2020	2019
	MOP'000	MOP'000
	(unaudited)	(audited)
Within one year	22,206	20,442

The amount of receipt in advance from a customer is netted off against retention money on a particular contract basis and presented as contract liabilities.

13. TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2020	2019
	MOP'000	MOP'000
	(unaudited)	(audited)
Trade payables	28,544	34,060
Other payables	4,941	11,654
	33,485	45,714

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:

	As at	
	30 June 2020 <i>MOP'000</i> (unaudited)	31 December 2019 <i>MOP'000</i> (audited)
0-30 days	16,466	27,900
31-60 days	7,857	1,009
61-90 days	2,688	5,058
Over 90 days	1,533	93
	<u>28,544</u>	<u>34,060</u>

The other payables mainly consist of retention payables and accrued listing expenses.

14. SHARE CAPITAL

Details of the movement in the Company's shares are disclosed as follows:

	Number of shares	Amount <i>MOP'000</i>
Ordinary shares of HK\$0.01 each Authorised At 1 January and 30 June 2019, and 1 January and 30 June 2020	<u>5,000,000,000</u>	<u>51,500</u>
Issued and fully paid At 1 January and 30 June 2019, and 1 January 2020	45,000,000	464
Capitalisation issue (<i>Note (i)</i>)	1,455,000,000	15,008
Issue of shares (<i>Note (ii)</i>)	<u>500,000,000</u>	<u>5,158</u>
At 30 June 2020	<u>2,000,000,000</u>	<u>20,630</u>

Notes:

- (i) Pursuant to written resolutions of the Company's shareholders passed on 22 January 2020, the Company allotted and issued a total of 1,455,000,000 shares, by way of capitalisation of the sum of approximately MOP15,008,000 standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company.
- (ii) On 14 February 2020, the Company issued 500,000,000 new Shares at HK\$0.25 each by initial public offering and then the Company's shares have been listed on the Stock Exchange.

15. RELATED PARTY TRANSACTIONS

During the period, in addition to the transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group entered into the following related party transactions:

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year was as follows:

	Six months ended 30 June	
	2020	2019
	<i>MOP'000</i>	<i>MOP'000</i>
	(unaudited)	(unaudited)
Salaries and other allowance	2,364	1,609
Retirement benefit scheme contributions	46	37
	2,410	1,646

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

Ready System Engineering Limited (“Ready System (Macau)”) was founded in 2006. We are 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. Upon group reorganisation in 2015, Ready System (Macau) become a wholly owned subsidiary of SEM Holdings Limited (the “Company”, together with its subsidiaries, the “Group”).

The Group has marked a major milestone in the year of 2020 with its listing (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 February 2020 (the “Listing Date”), undoubtedly providing an effective platform for the Group’s further development in the market. The additional capital raised and a broader capital base as a result of Listing reinforce our determination to the future growth in the electrical-related E&M engineering works in Macau and promote our Group as a well-organised enterprise to the public.

Due to COVID-19 epidemic and the subsequent quarantine measures imposed by the Macau Government which had a negative impact on the operation of the Group, the total revenue of Group has declined to approximately MOP44.9 million for the six months ended 30 June 2020 (the “Period 2020”), as compared to MOP88.0 million for the six months ended 30 June 2019 (the “Period 2019”). Considering the effectiveness of the quarantine measures and the gradual recovery from the epidemic, the management believes that the business operation of the Group will be soon back to normal.

Furthermore, the Macau Government has 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 on the E&M engineering of buildings will be expected, meaning that the potential of the E&M market in Macau will be enhanced in future coming years. Hence, the management is optimistic about the E&M market in Macau after the recovery from the epidemic and will strive for capturing the new trend of rising renovation needs.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 49.0%, from MOP88.0 million for the Period 2019 to MOP44.9 million for the Period 2020. Such decrease was mainly due to the outbreak of the COVID-19 epidemic since the latter half of January 2020, which has endangered the health of many people all over the world. The Group's workforce in the construction site has been reduced due to the quarantine measures in Macau which substantially affected the business operation and the construction progress. Even though the contract works of some construction sites have been resumed, the progress was relatively slow. As a result, the Group's revenue has been reduced for the Period 2020 and a net loss has been incurred. Nevertheless, the Group has a strong net cash position with no bank borrowing and the board (the "Board") of directors (the "Directors") of the Company believes that the financial position of the Group remains solid.

Cost of sales

The Group's cost of sales amounted to approximately MOP34.3 million for the Period 2020, representing a decrease of 45.4% from approximately MOP62.8 million for the Period 2019. Cost of sales mainly comprised of costs of materials and subcontracting costs, which accounted for approximately 41.6% and 30.3% respectively of the Group's total cost of sales for the Period 2020 (the Period 2019: approximately 19.1% and 55.8% respectively).

Gross profit/Gross profit margin

The Group's overall gross profit for our provision of E&M engineering works were of approximately MOP10.6 million for the Period 2020 and approximately MOP25.2 million for the Period 2019. The gross profit margin decreased from approximately 28.7% for the Period 2019 to approximately 23.7% for the Period 2020.

The decrease was mainly attributable to the projects for the Period 2019 of relatively higher gross profit margin due to (i) the variation works as a result of the alteration of the construction plan; and (ii) maintenance projects of a relatively higher profit margin. Those projects, with relatively larger gross profit contribution, were at their latter stage and approaching practical completion in the Period 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, government subsidy and sundry income. For the Period 2020, the Group's other income amounted to approximately MOP0.3 million (the Period 2019: approximately MOP36,000). Such increase was attributable to the one-off epidemic prevention subsidies from the Macau Government for the Period 2020.

Administrative expenses

The Group's administrative expenses increased from approximately MOP5.2 million for the Period 2019 to approximately MOP9.2 million for the Period 2020. Such increase was mainly due to (i) the increase in our total staff costs as a result of the staff number and salary increment for our management and administrative staff; and (ii) the legal and professional fee for the secretarial, public relation and compliance advisor services after the Listing.

Taxation

The Group's income tax expense decreased by approximately 77.0% from approximately MOP2.8 million for the Period 2019 to approximately MOP0.6 million for the Period 2020. Despite the loss before tax for the period 2020, there would be assessable profits in Macau because certain administrative and listing expenses incurred by the headquarters in Hong Kong during the Period 2020 were not deductible for tax purpose by the main operating Macau subsidiary.

Net profit and adjusted net profit

The Group reported a net loss for the Period 2020 of approximately MOP6.5 million, as compared with a net profit of approximately MOP6.4 million generated for the Period 2019. If the non-recurring listing expenses were excluded, the Group's adjusted net profit for the Period 2020 would be approximately MOP0.9 million and approximately MOP17.0 million for the Period 2019.

The basic loss per share for the Period 2020 would be approximately MOP0.34 cents (the Period 2019: earnings per share approximately MOP0.43 cents). The adjusted (excluding listing expenses) basic earnings per share for the Period 2020 would be approximately MOP0.05 cents (the Period 2019: approximately MOP1.13 cents).

Interim dividend

The Board did not recommend the payment of an interim dividend for the Period 2020 (the Period 2019: nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations primarily through cash inflows from operating activities. As at 30 June 2020, the Group had cash and cash equivalents of approximately MOP19.7 million (31 December 2019: approximately MOP33.6 million). Furthermore, the Group also had time deposit of approximately MOP112.5 million as at 30 June 2020 (31 December 2019 : approximately MOP7.1 million).

As at 30 June 2020, the working capital (current assets less current liabilities) of the Group was approximately MOP233.6 million (31 December 2019: approximately MOP136.0 million) and the net asset value was approximately MOP249.6 million (31 December 2019: approximately MOP151.4 million).

Gearing ratio (total debt excluding the trade and other payables and contract liabilities/total equity) as at 30 June 2020 was approximately 4.3% (31 December 2019: approximately 6.7%). Such decrease was mainly due to the increase in the equity after the Listing in the Period 2020.

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, can meet its funding requirements and other commitments at all 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. Although the proceeds from Listing and a portion of administrative expenses were dominated in HKD, there is not significant currency risk, as the exchange rate is stable between HKD and MOP. 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 rates. 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 arises.

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 and associated companies by the Group during the Period 2020.

PLEDGE OF ASSETS

Pledged bank deposits as at 31 December 2019 and 30 June 2020 are pledged to secure the performance bonds granted to the Group. The Group had no other material pledge of assets as at 31 December 2019 and 30 June 2020.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this announcement and in the prospectus of the Company dated 31 January 2020 (the "Prospectus"), the Group does not have other plans for material investments and capital assets as at 30 June 2020 and up to the date of this announcement.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2020 (31 December 2019: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Macau 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.

As the situation remains fluid as at the date of this announcement, 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 COVID-19 epidemic.

The import of labours have been improved due to the certain extent of relief of the quarantine measures since July 2020 which definitely is a positive signal to the business operations of the Group.

Save as disclosed above, there have been no other material events occurring after the Period 2020 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

The Group had 33 employees including executive and non-executive directors as at 30 June 2020 (31 December 2019: 23), among which 13 and 20 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 Period 2020 was approximately MOP6.3 million (the Period 2019: approximately MOP3.9 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 and company performance. The remuneration policy in place as at 30 June 2020 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 “Share”) have been listed on the Stock Exchange on 14 February 2020. 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 30 June 2020, the net proceeds had been utilised as follows:

	Net proceed 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	0.3	22.6
Payment of the performance bonds for our future projects	22.9	16.9	6.0
Establishing E&M Maintenance Department	15.3	–	15.3
Strengthening manpower	7.2	–	7.2
Strengthening manpower for (E&M Maintenance Department)	4.4	0.1	4.3
General working capital	0.5	0.5	–
	<u>73.2</u>	<u>17.8</u>	<u>55.4</u>

Same as disclosed in the Prospectus, the Group targets to complete the use of proceeds within one year after the Listing, which will be the first quarter of 2021.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). As the Shares were not listed on the Main Board of the Stock Exchange until 14 February 2020, 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.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as 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.

Purchase, Redemption or Sale of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the Period 2020.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Period 2020 and up to the date of this announcement.

OTHER INFORMATION

Audit Committee

The interim financial results of the Group for the Period 2020 are unaudited but have been reviewed and approved by the audit committee of the Company, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Publication of Results Announcement and Despatch of Interim Report

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (semhld.com). The interim report will also be available at the above websites and will be despatched to the shareholders of the Company in due course.

By Order of the Board
SEM Holdings Limited
Woo Chu Fai

Executive Director and Chief Executive Officer

Hong Kong, 27 August 2020

As of the date of this announcement, the Board 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.