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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY

THE ACQUISITION

The Board is pleased to announce that on 22 January 2021 (after trading hours), the Pre-Sale Agreement was entered into between the Purchaser and the Sellers, pursuant to which the Purchaser has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Property at a consideration of HK\$16,380,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders' approval under the Listing Rules.

As the Completion is subject to the fulfillment and/or waiver of the Conditions, the Acquisition may or may not be completed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

The Board is pleased to announce that on 22 January 2021 (after trading hours), the Pre-Sale Agreement was entered into between the Purchaser and the Sellers, pursuant to which the Purchaser has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Property at a consideration of HK\$16,380,000.

PRE-SALE AGREEMENT

Date: 22 January 2021

Sellers: Mr. Un Iok Weng and Ms. Lei Sio Hong

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Sellers are not connected persons (which has the meaning ascribed to it under the Listing Rules) of the Company.

Purchaser: Ready System Engineering Limited

Property: EM MACAU, AVENIDA DO ALMIRANTE MAGALHÃES CORREIA NºS 11-91, RUA CINDO BAIRRO DA AREIA PRETA NºS 13-21, AVENIDA DE VENCESLAU DE MORAIS NºS 143-173, IND. KEK SENG S12

The saleable floor area of the Property is approximately 2,600 sq. ft.. The permitted use of the Property is factory.

Consideration: HK\$16,380,000

Terms of payment: An initial deposit of HK\$1,638,000 shall be paid by the Purchaser to the Sellers upon the signing of the Pre-Sale Agreement and the balance of the consideration of HK\$14,742,000 shall be paid by the Purchaser to the Sellers upon the Completion.

Completion: Completion shall take place on the Completion Date, which shall be within three months after the date of the Pre-Sale Agreement or such other date as all parties may agree in writing.

CONDITIONS

Completion is subject to the satisfactory fulfillment and/or waiver of the following Conditions:

- (a) all necessary approvals by the government and regulatory authorities, corporate approvals and consents for the transactions contemplated under the Pre-Sale Agreement being obtained;
- (b) in relation to the transactions contemplated in the Pre-Sale Agreement, all relevant regulatory requirements having been complied with and satisfied;

- (c) the Purchaser being reasonably satisfied with the results of the due diligence on the Property;
- (d) all representations, warranties and undertakings given by the Sellers under the Pre-Sale Agreement having remained true and accurate in all material respects; and
- (e) there not having been, at any time before the Completion Date:
 - (I) any adverse change or any prospective adverse change in the conditions of the Property which is material in the context of the transaction contemplated in the Pre-Sale Agreement;
 - (II) the occurrence of any event or the existence of any circumstance which would render any of the representations, warranties and undertakings given by the Sellers under the Pre-Sale Agreement untrue or inaccurate in any material respect; and
 - (III) the occurrence of any breach of the terms of the Pre-Sale Agreement or any undertakings given by any of the Sellers as set out in the Pre-Sale Agreement.

The Purchaser may at any time waive in writing any of the Conditions (c) to (e) above and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser.

If the Conditions have not been fulfilled or waived by the Purchaser on or before the Completion Date, the Pre-Sale Agreement shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties and continued application of certain clauses.

BASIS OF CONSIDERATION

The consideration under the Pre-Sale Agreement was determined after arm's length negotiations between the Sellers and the Purchaser with reference to, among others, the average price per sq. ft. of saleable floor area of the properties in the surrounding region of the Property with the same permitted use and similar size.

SOURCE OF FINANCING

According to the Prospectus, the Group intends to apply part of the net proceeds of the Share Offer for funding the acquisition of a workshop for the establishment of E&M maintenance department. Therefore, the Group prepares to finance the consideration of the Acquisition by (i) the net proceeds from the Share Offer at approximately HK\$4.5 million; (ii) the bank mortgage at approximately HK\$8 million; and (iii) the Group's internal resources at approximately HK\$3.9 million.

REASONS AND BENEFITS OF THE ACQUISITION

The Group is an established E&M engineering works contractor in Macau with focus on providing electrical-related E&M engineering works.

Reference is made to the section headed “Future Plans and Use of Proceeds – Establishing an E&M maintenance department” of the Prospectus. For the purpose of establishing an E&M maintenance department, the Directors consider it is necessary to acquire a workshop (preferably in the same district with the Group’s current Macau office) with gross floor area at approximately 3,400 sq. ft. for the parking and regular maintenance of the Group’s machines and vehicles within one year after listing of the Shares on the Main Board of the Stock Exchange on 14 February 2020.

The Directors have used their best endeavours to identify suitable workshop in Macau and considered a number of available property. The saleable floor area of the Property is approximately 2,600 sq. ft.. Although the gross floor area of the Property is not available for direct comparison, after the on-site inspection of the Property, the Directors consider that the size of the Property is comparable with the expected size of the workshop as stated in the Prospectus and is therefore able to fulfill the Company’s original plan. The Directors will proportionally reallocate the different functions of the workshop based on the saleable floor area of the Property that (i) approximately 770 sq. ft. is scheduled to serve as an emergency centre for the Group’s staff and technicians 24-hour standby to handle the orders for emergency E&M maintenance services and for staff facilities; (ii) approximately 610 sq. ft. is scheduled to be used to carry out testing, inspection and storage of the electrical parts and components for E&M maintenance services; (iii) approximately 610 sq. ft. is scheduled to be used as storage of the electrical equipment acquired and to be acquired; and (iv) approximately 610 sq. ft. is scheduled to serve as an operating theatre to repair the malfunctioning components retrieved from the malfunctioning E&M systems of the Group’s clients.

The consideration of the Acquisition at HK\$16,380,000 (equivalent to approximately MOP16,871,400) is higher than the estimated value of the workshop as stated in the Prospectus at approximately MOP12.9 million which is, as considered by the Directors, as fair and reasonable principally because of the relatively young age of the property comparing to the other properties available in the same district with the same permitted use and similar size and the recovery of the property market in Macau in the latter half of 2020. As a result, given that the net proceeds from the Share Offer to be allocated for the down payment for the Acquisition remains to be at approximately MOP4.7 million (equivalent to approximately HK\$4.5 million) pursuant to page 8 of the Allotment Results Announcement, the Directors estimate that the shortfall of approximately MOP4 million will be satisfied by the bank mortgage and the Group’s internal resources.

Having considered the prevailing market conditions, availability of properties suitable for the workshop, the Group’s future plans and available financial resources, the terms of the Pre-Sale Agreement are on normal commercial terms and the consideration is fair and reasonable, the Directors are of the view that the Acquisition will be beneficial to the Group’s business development and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders' approval under the Listing Rules.

As the Completion is subject to the fulfillment and/or waiver of the Conditions, the Acquisition may or may not be completed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

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| “Acquisition” | the acquisition of the Property by the Purchaser pursuant to the Pre-Sale Agreement |
| “Allotment Results Announcement” | the announcement of the Company in relation to the offer price and allotment results of the Share Offer dated 13 February 2020 |
| “Board” | the board of Directors |
| “Company” | SEM Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9929) |
| “Completion” | completion of the sale and purchase of the Property in accordance with the terms and conditions of the Pre-Sale Agreement |
| “Completion Date” | within three months after the date of the Pre-Sale Agreement or such other date as all parties may agree in writing being the date on which Completion occurs |
| “Condition(s)” | the conditions precedent to Completion pursuant to the Pre-Sale Agreement, as further described under the section headed “Conditions” |
| “connected person” | has the meaning ascribed to it under the Listing Rules |

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| “Directors” | the directors of the Company |
| “E&M” | electrical and mechanical |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “MOP” | Macau patacas, the lawful currency of Macau |
| “PRC” | the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan) |
| “Pre-Sale Agreement” | the pre-sale agreement for sale and purchase of a real property dated 22 January 2021 and entered into between the Sellers and the Purchaser in relation to the Acquisition |
| “Property” | EM MACAU, AVENIDA DO ALMIRANTE MAGALHÃES CORREIA NºS 11–91, RUA CINDO BAIRRO DA AREIA PRETA NºS 13–21, AVENIDA DE VENCESLAU DE MORAIS NºS 143–173, IND. KEK SENG S12 |
| “Prospectus” | the prospectus of the Company dated 31 January 2020 in relation to the listing of the Shares on the Main Board of the Stock Exchange |
| “Purchaser” | Ready System Engineering Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Sellers” | Mr. Un Iok Weng and Ms. Lei Sio Hong |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Share Offer” | the offer of the Shares for subscription pursuant to the Prospectus |

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| “Shareholder(s)” | holder(s) of the Share(s) |
| “sq. ft.” | square foot (feet) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

For the purpose of this announcement, unless otherwise indicated, conversion of MOP into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to MOP1.03. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

By Order of the Board
SEM Holdings Limited
Woo Chu Fai
Executive Director and Chief Executive Officer

Hong Kong, 22 January 2021

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.