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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 2024**

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 2024 (the “**Year 2024**”) together with comparative figures for the year ended 31 December 2023 (the “**Year 2023**”) as follows:

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

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	91,707	258,894
Cost of sales		<u>(68,186)</u>	<u>(239,382)</u>
Gross profit		23,521	19,512
Other income	5a	1,776	1,178
Other losses	5b	–	(2,803)
Reversal of/(impairment losses) under expected credit loss (“ ECL ”) model, net of reversal		2,081	(3,748)
Administrative expenses		(23,348)	(22,053)
Finance costs	6	<u>(249)</u>	<u>(274)</u>
Profit/(loss) before tax	7	3,781	(8,188)
Income tax credit	8	<u>21</u>	<u>218</u>
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		<u>3,802</u>	<u>(7,970)</u>
Earnings/(loss) per share (HK\$ cents)			
Basic	10	<u>0.19</u>	<u>(0.40)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		29,598	31,358
Rental deposit		11	47
		<u>29,609</u>	<u>31,405</u>
Current assets			
Trade and other receivables	<i>11</i>	63,608	22,265
Contract assets	<i>12</i>	92,257	132,060
Pledged bank deposits		–	18,128
Time deposit		16,000	20,167
Cash and cash equivalents		56,126	35,887
		<u>227,991</u>	<u>228,507</u>
Current liabilities			
Trade and other payables	<i>13</i>	28,842	40,558
Contract liabilities		8,204	532
Lease liabilities		430	603
Tax payable		1,469	2,699
Bank borrowing	<i>14</i>	781	740
		<u>39,726</u>	<u>45,132</u>
Net current assets		<u>188,265</u>	<u>183,375</u>
Total assets less current liabilities		<u>217,874</u>	<u>214,780</u>
Non-current liabilities			
Deferred tax liability		44	67
Lease liabilities		308	211
Other payables		5	5
Bank borrowing	<i>14</i>	4,573	5,355
		<u>4,930</u>	<u>5,638</u>
		<u>212,944</u>	<u>209,142</u>
Capital and reserves			
Share capital	<i>15</i>	20,000	20,000
Reserves		192,944	189,142
		<u>212,944</u>	<u>209,142</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

SEM Holdings Limited (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 of Hong Kong Limited (the “**Stock Exchange**”) on 14 February 2020 (the “**Listing**”). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the annual report. The immediate holding company of the Company is SEM Enterprises Limited, which is a private company incorporated in the British Virgin Islands and controlled by Mr. Wan Man Keung, an executive director of the Company.

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

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), whereas the functional currency of the Company is Macau Pataca (“**MOP**”).

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of electrical and mechanical engineering services recognised over time	<u>91,707</u>	<u>258,894</u>

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

Disaggregation of revenue

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
By property type		
Hotels and casinos	15,827	14,539
Residential properties	7,616	1,975
Commercial properties	4,375	4,091
Public properties	<u>63,889</u>	<u>238,289</u>
	<u>91,707</u>	<u>258,894</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 operations are located in Macau and Hong Kong.

The Group's revenue from external customers and information about its non-current assets by geographical location of the customers and the assets, respectively, are detailed below:

	Revenue from external customers		Non-current assets	
	Year ended 31 December		At 31 December	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Macau	31,380	22,144	28,107	29,796
Hong Kong	<u>60,327</u>	<u>236,750</u>	<u>1,502</u>	<u>1,609</u>
	<u>91,707</u>	<u>258,894</u>	<u>29,609</u>	<u>31,405</u>

Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	<u>55,890</u>	<u>232,509</u>

5a. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	1,342	1,014
Government grants (<i>note</i>)	20	–
Gain on disposal of scrap material	299	–
Others	<u>115</u>	<u>164</u>
	<u>1,776</u>	<u>1,178</u>

Note: There are no unfulfilled conditions or other contingencies attaching to these grants.

5b. OTHER LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Impairment losses on property, plant and equipment	<u>–</u>	<u>2,803</u>
	<u>–</u>	<u>2,803</u>

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowing	201	224
Interest on lease liabilities	<u>48</u>	<u>50</u>
	<u>249</u>	<u>274</u>

7. PROFIT/(LOSS) BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) before tax has been arrived at after charging:		
Directors' remuneration	3,071	2,864
Other staff costs		
– salaries and other allowance	21,884	27,628
– retirement benefit scheme contributions	585	825
Total staff costs	25,540	31,317
Less: staff costs included in cost of sales	(8,997)	(18,075)
	<u>16,543</u>	<u>13,242</u>
Auditors' remuneration	760	1,039
Depreciation of property, plant and equipment	2,616	2,819
Provision for long service payment	–	5
	<u>–</u>	<u>5</u>

8. INCOME TAX CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Macau Complementary Tax		
Overprovision in prior years	(259)	(1,392)
Current tax	261	–
Hong Kong Profits Tax		
Current tax	–	1,209
Deferred tax	(23)	(35)
	<u>(21)</u>	<u>(218)</u>

Macau Complementary Tax is calculated at 12% (2023: 12%) of the estimated assessable profits exceeding MOP600,000 for the year.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss)		
Profit/(loss) for the year attributable to owners of the Company	<u>3,802</u>	<u>(7,970)</u>
	2024	2023
	Number of	Number of
	shares	shares
	<i>'000</i>	<i>'000</i>
Number of shares		
Number of ordinary shares	<u>2,000,000</u>	<u>2,000,000</u>

No diluted earnings/(loss) per share for both years are presented as there are no potential ordinary shares in issue during both years.

11. TRADE RECEIVABLES

At 31 December 2024, trade receivables amounted to HK\$62,400,000, net of loss allowance of HK\$8,824,000 (2023: HK\$21,034,000, net of loss allowance of HK\$5,123,000). The Group usually allows a credit period of 30 to 60 days to its customers. An aging analysis of trade receivables net of allowance for credit losses based on the invoice dates at the end of the reporting period is as follow:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	48,127	3,153
31 to 60 days	2,533	1,957
61 to 90 days	117	1,099
Over 90 days	<u>11,623</u>	<u>14,825</u>
	<u>62,400</u>	<u>21,034</u>

12. CONTRACT ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets from provision of electrical and mechanical engineering services		
– Unbilled revenue	73,576	109,276
– Retention money	<u>36,414</u>	<u>46,299</u>
	109,990	155,575
Less: Allowance for credit losses	<u>(17,733)</u>	<u>(23,515)</u>
	<u>92,257</u>	<u>132,060</u>

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 to 2 years 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 to 2 years from the date of the completion of respective projects.

13. TRADE 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	267	1,453
31 to 60 days	247	1,744
61 to 90 days	179	540
Over 90 days	<u>6,064</u>	<u>4,504</u>
	<u><u>6,757</u></u>	<u><u>8,241</u></u>

At 31 December 2024, the Group's trade payables comprised of an amount due to a related company, Ready Electrical Metal Work Limited amounted to approximately HK\$1,860,000 (2023: HK\$790,000). Mr. Wan Man Keung, an executive director of the Company, is the executive director and controlling shareholder of the related company.

14. BANK BORROWING

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Secured bank borrowing	<u><u>5,354</u></u>	<u><u>6,095</u></u>

The loan carried interest at variable market rate of Prime Rate less 2.55% per annum and was repayable in instalments over 10 years from the date of drawdown in 2021. The proceed was used to finance the acquisition of owned property with carrying amount of HK\$15,066,000 (2023: HK\$15,211,000) at 31 December 2024 included in the property, plant and equipment, which was pledged to a bank to secure the bank loan.

15. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 31 December 2024	<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

Ready System Engineering Limited was founded in 2006. We are a renowned and well-established 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 property development, public property development, hotel and casino development and renovation in Macau. The Group has diversified its market risks and uncertainties by continuing to engage projects with scope of our E&M engineering works in Hong Kong segment through its wholly owned subsidiary, SEM Resources Limited.

The HKSAR government's budget reflects a strategic approach to addressing infrastructure development, with a projected construction sector growth. The E&M engineering market, and by extension the cable trading business, is poised for growth, driven by increased demand from these initiatives. Looking ahead, the Group will explore the opportunities within the electrical cable trading market to diversify our business model and create new income streams. This venture will allow us to leverage our existing expertise and market knowledge to tap into a growing demand for high-quality cable products. The Group's entry into cable trading is well-timed, leveraging the robust market opportunities presented by Hong Kong's construction and infrastructure sectors. Our focus will be on establishing strong supplier relationships and delivering exceptional service to our customers, ensuring that we meet their evolving needs.

During the Year 2024, the Group recorded total revenue of approximately HK\$91.7 million, which decreased by approximately HK\$167.2 million or 64.6% from approximately HK\$258.9 million for the Year 2023. The decrease was mainly attributable to the decrease in revenue from Hong Kong segment as the existing projects are at their completion stage. Also, the Group faced operational challenges, including project delays and the decline of construction activities in Hong Kong in the Year 2024, which contributed to the revenue decline.

The Group remains committed to its strategy of securing new E&M engineering service projects in Macau and Hong Kong. We continue to seek opportunities in Hong Kong's existing buildings, where upgrades to meet modern standards are frequently required, as demonstrated by our successful electrical system renovation project at a prominent recreational and sports venue.

Recognizing the evolving economic landscapes of Macau and Hong Kong, the Group has focused on optimizing its operational efficiency. The restructuring of our project management team and the digitization of workflows, initiated in 2023, have yielded tangible benefits, including a reduction in workforce-related costs. This improved efficiency has not only strengthened our financial position but also enhanced our capacity to undertake larger and more complex projects.

Our streamlined operations, coupled with a highly skilled team, enable us to deliver superior project management and supervision. We are confident in our ability to consistently deliver projects on time, within budget, and to the complete satisfaction of our clients, thereby driving sustainable growth and value creation for our clients, thereby driving sustainable growth and value creation for our stakeholders.

Hence, the management is cautiously optimistic about the E&M markets in Macau and Hong Kong and will continue to strive for capturing the new market in the changing industry dynamics for E&M engineering services.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 64.6% from approximately HK\$258.9 million for the Year 2023 to approximately HK\$91.7 million for the Year 2024. Such decrease was mainly due to a combination of factors as disclosed in "BUSINESS REVIEW AND MARKET PROSPECT" above.

	2024		2023	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Hotels and Casinos	15.8	17.3%	14.5	5.6%
Residential properties	7.6	8.3%	2.0	0.8%
Commercial properties	4.4	4.7%	4.1	1.6%
Public properties	63.9	69.7%	238.3	92.0%
	<u>91.7</u>		<u>258.9</u>	

Cost of sales

The Group's cost of sales amounted to approximately HK\$68.2 million for the Year 2024, representing an decrease of 71.5% from approximately HK\$239.4 million for the Year 2023. Cost of sales mainly comprised of labour costs and subcontracting costs, which accounted for approximately 22.5% and 55.2% respectively of the Group's total cost of sales for the Year 2024 (2023: 49.6% and 40.7% respectively). The decrease in cost of sales for the Year 2024 was mainly due to decrease in revenue for the Year 2024.

Gross Profit/Gross Profit Margin

The Group's overall gross profit for the provision of E&M engineering works increased to approximately HK\$23.5 million for the Year 2024 from approximately HK\$19.5 million for the Year 2023. The gross profit margin increased from approximately 7.5% for the Year 2023 to approximately 25.6% for the Year 2024.

The increase in gross profit margin was mainly attributable to (i) cost saving measurements implemented in Macau and Hong Kong; (ii) revaluation of budget project cost.

Despite the increase in gross profit margin of the Group in the Year 2024, the Directors consider that the gross profit margin is still affected by market and economic environment. Hence, the Group is still striving for bidding potential projects with higher margin and implementing cost saving strategy to maintain higher gross profit margin of the Group.

Other income

Other income mainly included interest income from banks, disposal of scrap materials and sundry income. For the Year 2024, the Group's other income amounted to approximately HK\$1.8 million (Year 2023: approximately HK\$1.2 million). Such increase was mainly attributable to the bank interest income and the gain on disposal of scrap material.

Other losses

The Group's other losses amounted to approximately HK\$2.8 million in Year 2023 (Year 2024: Nil). The losses were attributable to the impairment of property, plant and equipment.

Reversal of/(Impairment losses) under expected credit loss (“ECL”) model, net of reversal

The prolonged COVID-19 epidemic adversely affected business operations of a group of project employer (the “**Project Employer Group**”) of the Group’s sizable E&M engineering project of a hotel development (the “**Project**”) in 2020, of which the outstanding trade receivables with gross balances amounted to HK\$50.5 million, were outstanding as at 31 December 2024. The Project Employer Group suspended the development of the Project in the third quarter of 2020. The ultimate holding company of the Project Employer Group is a listed company in the Stock Exchange, who announced the disposal of interest in the Project Employer Group to a third party (the “**Purchaser**”) for generating more cash to finance its operation under the COVID-19 pandemic environment.

Despite the Group’s direct customers of the Project (the “**Direct Customers**”) are not the Project Employer Group itself as mentioned above, this increases the credit risks of the trade receivables and contract assets of the Project. At 31 December 2024, the Group has recognised cumulative credit loss allowance on contract assets and trade receivables of approximately HK\$17.7 million and HK\$8.8 million (31 December 2023: approximately HK\$23.5 million and HK\$5.1 million), respectively, of which credit loss allowance of approximately HK\$6.1 million (31 December 2023: approximately HK\$2.2 million) are related to trade receivables of the Project.

Management of the Group has actively communicated with the Direct Customers and understand that the Direct Customers took legal actions via arbitration against the main-contractor of the Project. During the Year 2024, the Direct customer had settled with the main-contractor. After that, the Group has received repayments of a substantial part of the outstanding contract assets and trade receivables from the Direct Customer in the first quarter of 2025. We believe that we can recover the remaining amount due from the Direct Customers because (i) good and long-term on-going business relationships between the Group and the Direct Customers for more than ten years with no default in history. Furthermore, there were continuing settlements of the Project during the Year 2024; and (ii) the Group obtained a repayment commitment from the Direct Customers to fully repay the outstanding trade receivables by the end of 2025.

Impairment losses under ECL model derived from trade receivables and contract assets of the Group. The change in impairment loss under ECL model from impairment loss of HK\$3.7 million in the Year 2023 to reversal of impairment loss of approximately HK\$2.1 million in the Year 2024 was mainly due to overall decrease in credit risks on certain project customers and taken into accounts for the following factors including (i) continuing settlements of completed works for billing to the Project in the Year 2024; and (ii) decrease in gross balances of the Group’s contract assets at 31 December 2024.

Management of the Group has taken actions to recover outstanding balances of the Project and consider that those balances will be recovered eventually. ECL has been provided on these balances in accordance with the requirements set out in Hong Kong Financial Reporting Standard 9.

Administrative expenses

The Group's administrative expenses increased from approximately HK\$22.1 million for the Year 2023 to approximately HK\$23.3 million for the Year 2024. Such increase was mainly due to increase of staff costs.

Income tax credit

The decrease in the Group's income tax credit from approximately HK\$0.2 million for the Year 2023 to approximately HK\$21.0 thousand for the Year 2024 was attributed by decrease in the provision of deferred tax credit.

Net Profit (Loss)

The Group reported net profit for the Year 2024 of approximately HK\$3.8 million, as compared with net loss of approximately HK\$8.0 million suffered for the Year 2023.

Final Dividend

The Board did not recommend the payment of a final dividend for the Year 2024 (Year 2023: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations primarily through cash inflows from operating activities, as well as proceeds received from the Listing. As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$56.1 million (31 December 2023: approximately HK\$35.9 million) and remains steady in its financial position in meeting its future financial obligations.

As at 31 December 2024, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$188.3 million (31 December 2023: approximately HK\$183.4 million) and approximately HK\$213.0 million (31 December 2023: approximately HK\$209.1 million), respectively.

Gearing ratio (total debt including amounts due to Directors/total equity) as at 31 December 2024 was approximately 21.0% (31 December 2023: approximately 24.3%). The gearing ratio remained stable compared to the year ended 31 December 2023.

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 Macau Pataca or Hong Kong dollars of the relevant group entities and the exchange rate between the functional currencies and Hong Kong dollars is relatively stable. 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 and liabilities, mainly interest-bearing bank balances and a bank borrowing. The interest rates of these bank deposits are determined by reference to the respective bank offer rate and interest rate on the bank borrowing is based on the contracted interest rate at prime rate less 2.55% per annum. 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 and Hong Kong 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.

The Group's liquidity position may be adversely affected if the progress payment or the retention money is not paid or released to the Group on time or in full; or the construction project cash flows are fluctuated. To monitor the pressure of financial liquidity, the Group reviews aging analysis on regular basis and closely communicates with management of the customers so as to get a better understanding of their solvency status.

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 ACQUISITIONS OR DISPOSALS

Save as disclosed in this announcement, the Group did not have any significant investments, nor material acquisitions or disposals of subsidiaries, associated companies for the Year 2024.

PLEDGE OF ASSETS

As at 31 December 2024, a property in Macau with carrying amount of approximately HK\$15.1 million (31 December 2023: approximately HK\$15.2 million) was pledged to a bank located in Macau for obtaining a mortgage loan to finance the relevant acquisition.

Pledged bank deposits as at 31 December 2023 are pledged to secure the performance bonds granted to the Group (2024: Nil). The Group had no other material pledge of assets as at 31 December 2023 and 31 December 2024.

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 2024 and up to the date of this announcement.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2024 (2023: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 (2023: Nil).

PROSPECTS AND STRATEGIES

The Group's principal business objective is to further strengthen its position as an integrated construction contractor.

While the Group's principal business objective remains to strengthen its position as an integrated construction contractor, we acknowledge the current challenges within the construction sector. To navigate these challenges and enhance long-term stability, we are actively pursuing diversification strategies, with a particular focus on expanding our presence in the electrical cable trading market.

Regarding E&M engineering services, the Group continues to pursue its business objective by strategically expanding its operations. We are actively seeking opportunities to undertake additional E&M engineering services-related projects in both Macau and Hong Kong, targeting both existing and potential new customers. This expansion builds upon our present scale of operations and current projects.

The business outlook for the year ahead remains cautiously optimistic. We believe that strategic diversification, particularly the growth potential within the electrical cable trading sector, coupled with our low debt levels and robust liquidity, provides the Group with the strength and flexibility to navigate the current environment, take on selective new projects, and invest in the future of the business. The Hong Kong SAR Government's announced infrastructure projects continue to present opportunities for E&M construction services, which we will selectively pursue.

Our expansion into electrical cable trading has begun to yield promising results, as indicated by an increase in requested quotations and growing interest from potential customers in this sector. We remain optimistic about its growth potential as we continue to explore this opportunity. We are actively building relationships with key suppliers and customers, and we are exploring opportunities to expand our product offerings and geographic reach within the cable trading market. This initiative aims to create additional revenue streams and enhance the Group's long-term financial stability, reducing our reliance on the construction market.

Consistently, the Group prioritizes fundamental principles to overcome challenges and build resilience. We implement best practices, proactively manage risks, and address logistical and material price fluctuations. In preparation for future growth, the Group reorganized operating units, appointed new leaders, and established procedures to enhance governance and business development in emerging technology and market segments. Our unwavering commitment is to meet our customers' expectations through the delivery of high-quality, timely, and cost-efficient services and products.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in elsewhere of this announcement, there have been no other material events occurring after the Year 2024 and up to the date of this announcement.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Year 2024, as far as the Board and management are aware, 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 50 full-time employees including non-executive directors and executive directors as at 31 December 2024 (31 December 2023: 72), among which 18 and 32 (31 December 2023: 16 and 56) 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 2024 were approximately HK\$25.5 million (Year 2023: approximately HK\$31.3 million). The remuneration policy and package of the Group's employees were periodically reviewed by management of the Company. Apart from retirement benefit scheme contributions and salaries increment, discretionary bonuses may be awarded to employees according to the assessment of individual and the Group's performance. The remuneration policy in place as at 31 December 2024 was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group.

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 during the Year 2024 and up to the date of this 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 C3 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 for the Year 2024 and up to 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, the mandatory disclosure requirements and the applicable code provisions as set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules. To the best of the knowledge of the Board, except the deviation from code provision C.2.1 of the CG Code, the Company has complied with the CG Code during the Year 2024 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.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Upon the resignation of Mr. Woo Chu Fai (chief executive officer) during the year, Mr. Wan Man Keung, the chairman of Board, temporarily takes up the function of chief executive officer. The Company is in the course of nominating suitable candidates for the vacancy of chief executive officer.

As Mr. Wan Man Keung currently takes up the function of the chief executive officer, such measure deviates from code provision C.2.1 of the CG Code. The Board believes that the current measure is interim in nature. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in this circumstance. In addition, under the supervision of the Board which comprises three executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the shareholders as a whole.

REVIEW BY AUDIT COMMITTEE

The audit committee 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 2024.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

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 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year 2024. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary results 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) and the Company's website (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
SEM Holdings Limited
Wan Man Keung
Chairman and Chief Executive Officer

Hong Kong, 27 March 2025

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Wan Man Keung, Mr. Wun Chi Wai and Mr. Yu Chi Kwan as executive Directors; Mrs. Kan Wan Wai Yee Mavis as non-executive Director; and Mr. Lau Ping Cheung Kaizer, Ir Dr. Wong Wai Man Raymond and Ms. Chen Tak Yee Dickdy as independent non-executive Directors.