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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 2024

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 2024 (the “Period 2024”) together with comparative figures for the corresponding six months ended 30 June 2023 (the “Period 2023”), as follows:

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

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	50,889	131,442
Cost of sales		(48,884)	(117,676)
Gross profit		2,005	13,766
Other income	5	1,033	209
Reversal of impairment losses under expected credit loss (“ECL”) model, net		160	3,239
Administrative expenses		(10,535)	(11,729)
Finance costs		(129)	(133)
(Loss) profit before taxation	6	(7,466)	5,352
Taxation	7	28	(860)
(Loss) profit and total comprehensive (expense) income for the period attributable to owner of the Company		(7,438)	4,492
(Loss) earnings per share (<i>HK\$ cents</i>)			
Basic	9	(0.37)	0.22

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	30,828	31,358
Rental deposit		–	47
		30,828	31,405
Current assets			
Trade and other receivables	<i>11</i>	17,199	22,265
Contract assets	<i>12</i>	112,073	132,060
Pledged bank deposits		18,128	18,128
Time deposits		21,248	20,167
Cash and cash equivalents		43,045	35,887
		211,693	228,507
Current liabilities			
Trade and other payables	<i>13</i>	30,643	40,558
Contract liabilities	<i>12</i>	612	532
Lease liabilities		329	603
Tax payable		2,701	2,699
Bank borrowing	<i>14</i>	753	740
		35,038	45,132
Net current assets		176,655	183,375
Total assets less current liabilities		207,483	214,780
Non-current liabilities			
Deferred tax liability		38	67
Lease liabilities		761	211
Other payables	<i>13</i>	5	5
Bank borrowing	<i>14</i>	4,975	5,355
		5,779	5,638
		201,704	209,142
Capital and reserves			
Share capital	<i>15</i>	20,000	20,000
Reserves		181,704	189,142
		201,704	209,142

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL

SEM Holdings Limited (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act, Chapter 22 (as revised) 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 immediate holding company of the Company is SEM Enterprises Limited, which is 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 Macao Special Administrative Region of the People’s Republic of China (“Macao”) and Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”).

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

2. BASIS OF PREPARATION

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 D2 to the Rules Governing the Listing of Securities on the Stock Exchange. Certain comparative figures have been reclassified to conform with current year’s presentation. These reclassifications have no effect on financial position, results for the period or cash flows of the Group.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) set as below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of the amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed 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 these amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performances for the current and prior periods and/or the disclosures set out in these 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 and Hong Kong during the reporting period.

Disaggregation of revenue

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
By property type		
Hotels and casinos	5,502	9,864
Residential properties	2,069	258
Commercial properties	3,348	1,231
Public properties	39,903	120,089
Others	67	–
	<u>50,889</u>	<u>131,442</u>

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	
	Six months ended 30 June		At	
	2024	2023	30 June	31 December
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Macau	7,376	14,735	28,952	29,796
Hong Kong	43,513	116,707	1,876	1,609
	<u>50,889</u>	<u>131,442</u>	<u>30,828</u>	<u>31,405</u>

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Other income		
Interest income	624	89
Others	409	120
	<u>1,033</u>	<u>209</u>

During the current interim period, the Group recognised sale of scrap materials of HK\$299,000 (six months ended 30 June 2023: HK\$ 74,000).

6. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,339	1,383
Impairment losses reversed on trade receivables and contract assets	(160)	(3,239)
	<u>1,179</u>	<u>(1,856)</u>

7. TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Macau Complementary Tax		
Deferred taxation	(1)	–
Hong Kong Profits Tax		
Current tax	–	852
Deferred taxation	(27)	8
	<u>(28)</u>	<u>860</u>

Macau Complementary Tax is calculated at 12% (six months ended 30 June 2023: 12%) of the estimated assessable profits exceeding MOP600,000 for the periods.

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.

No provision for taxation in Macau has been made as the subsidiary in Macau did not have any assessable profits for the Period 2023 and Period 2024.

No provision for taxation in Hong Kong has been made as the subsidiary in Hong Kong did not have any assessable profits for the Period 2024.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months period ended 30 June 2024 (six months ended 30 June 2023: nil), nor has any dividend been proposed since the end of the reporting period.

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) earnings for the period	<u>(7,438)</u>	<u>4,492</u>
	Six months ended 30 June	
	2024	2023
	'000	'000
Weighted average number of shares		
Weighted average number of ordinary shares	<u>2,000,000</u>	<u>2,000,000</u>

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

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment with an aggregate amount of HK\$809,000 (six months ended 30 June 2023: HK\$395,000). As at 30 June 2024, the Group has pledged owned property with carrying amount of HK\$15,048,000 (31 December 2023: HK\$15,211,000) to secure the bank borrowing.

11. TRADE AND OTHER RECEIVABLES

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

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Within 30 days	501	3,153
31–60 days	1,777	1,957
61–90 days	1,352	1,099
Over 90 days	12,297	14,825
	15,927	21,034

During the current interim period, the Group has reversed expected credit loss amounting to HK\$159,200 (Period 2023: HK\$1,351,000) for trade receivables and contract assets in respect of a suspended construction project in Macau.

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Contract assets from provision of electrical and mechanical engineering services		
– Unbilled revenue	87,662	109,276
– Retention money	47,739	46,299
	135,401	155,575
Less: Allowance for credit losses	(23,328)	(23,515)
	112,073	132,060
Contract liabilities		
Provision of electrical and mechanical engineering services	612	532

13. TRADE AND OTHER PAYABLES

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

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Within 30 days	2,491	1,453
31–60 days	300	1,744
61–90 days	11	540
Over 90 days	<u>4,232</u>	<u>4,504</u>
	<u><u>7,034</u></u>	<u><u>8,241</u></u>

14. BANK BORROWING

During the year ended 31 December 2021, the Group obtained a bank loan amounting to HK\$8,000,000. No new loan was obtained during the current interim period. The loan carries interest at variable market rate of Prime Rate less 2.55% per annum and is repayable in instalments over 10 years. The proceed was used to finance the acquisition of property, plant and equipment, which is also pledged for the borrowing.

15. SHARE CAPITAL

	Number of shares	Share Capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 January 2023, 30 June 2023, and 1 January 2024 and 30 June 2024	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>
Issued and fully paid		
At 1 January 2023, 30 June 2023, and 1 January 2024 and 30 June 2024	<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

SEM Holdings Limited (the “Company”), together with its subsidiaries (collectively, the “Group”) is a renowned and established electrical and mechanical (“E&M”) engineering works contractor in Macau and Hong Kong with 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 systems, for new and existing buildings in the projects of commercial, residential and public property development, hotel and casino development and renovation. During the six months ended 30 June 2024 (the “Period 2024”), the Group has continued to diversify its market risks and uncertainties by engaging projects with scope of our E&M engineering works in Hong Kong segment through its wholly owned subsidiary, SEM Resources Limited.

During the six months ended 30 June 2024, the Group recorded total revenue of approximately HK\$50.9 million, which decreased by approximately HK\$80.5 million or 61.3% from approximately HK\$131.4 million for the six months ended 30 June 2023 (the “Period 2023”). The decrease was mainly due to the sluggishness in the construction markets of Hong Kong and Macau. The slow economic recovery, global economy’s uncertainties and elevated borrowing costs have led to the continuous sluggishness.

The Group generated revenue of approximately HK\$43.5 million from Hong Kong projects for the Period 2024, representing an decrease of approximately 62.7% with comparison to the revenue of approximately HK\$116.7 million for the Period 2023. Despite Hong Kong projects generally generate lower profit margins, the larger project size enabled the Group to expand the revenue base. The Group has continued to develop its E&M maintenance department in the Period 2024 by performing periodic inspection and regular maintenance for hotels and residential properties.

Considering the latest situation of Macau and Hong Kong economies from the continued weak property market sentiment in Macau and Hong Kong, the Directors of the Company (the “Directors”) expect a challenging business environment in the coming years. The Group recognized the need to diversify its revenue streams in the future. Thus, the Group will expand its business to trading of construction materials in the near future. Furthermore, the Group has been adopting advanced building technologies in certain projects, including Building Information Modeling, for project management and construction efficiency. This represents a major advancement in showcasing the advantages of incorporating digital technologies into construction practices, which will have positive impacts on the entire industry. The management is prudently assessing about the E&M markets in Macau and Hong Kong and will continue to strive for capturing the new market for E&M engineering services.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 61.3%, from approximately HK\$131.4 million for the Period 2023 to approximately HK\$50.9 million for the Period 2024. Such decrease was mainly due to the sluggishness in the Hong Kong's construction market. As a result, the Group's revenue and profitability have worsen for the Period 2024. The Group keeps a strong net cash position with limited bank borrowing and the board (the "Board") of directors of the Company believes that the financial position of the Group remains sound.

	Six months ended 30 June (unaudited)			
	2024		2023	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i> (restated)	<i>%</i>
Hotels and Casinos	5.5	10.8	9.9	7.5
Residential properties	2.1	4.1	0.3	0.2
Commercial properties	3.3	6.6	1.3	1.0
Public properties	39.9	78.4	119.9	91.3
Others	0.1	0.1	–	–
	<u>50.9</u>		<u>131.4</u>	

Cost of sales

The Group's cost of sales amounted to HK\$48.9 million for the Period 2024, representing an decrease of approximately 58.5% from approximately HK\$117.7 million for the Period 2023. Cost of sales mainly comprised of staff costs and subcontracting costs, which accounted for approximately 65.8% and 21.7% respectively of the Group's total cost of sales for the Period 2024 (the Period 2023: approximately 52.8% and 39.8%, respectively).

Gross profit/Gross profit margin

The Group's overall gross profit for our provision of E&M engineering works were of approximately HK\$2.0 million for the Period 2024 and approximately HK\$13.8 million for the Period 2023. The gross profit margin decreased from approximately 10.5% for the Period 2023 to approximately 3.9% for the Period 2024.

The decrease in gross profit margin was mainly attributable to the adjustment made to the expected gross profit margin of existing projects. The Directors consider that the gross profit margin has been impacted severely by the downturn of the construction market. The Directors expect the gross profit margin could remain at a low point in the future. The Group is striving for bidding potential projects with higher gross profit margin and cost saving to achieve a higher gross margin of the Group.

Other income

Other income mainly included interest income from bank, and sundry income. For the Period 2024, the Group's other income amounted to HK\$1.0 million (the Period 2023: HK\$0.2 million). Such increase was mainly attributable to the interest income and sale of scrap materials.

Reversal of impairment losses (impairment losses) under expected credit loss ("ECL") model, net

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 contract assets and trade receivables with gross balances amounted to approximately HK\$27.4 million and approximately HK\$7.2 million, respectively were outstanding as at 30 June 2024. The Project Employer Group suspended the development of the Project since 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. 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 30 June 2024, the Group has recognised cumulative credit loss allowance on contract assets and trade receivables of approximately HK\$23.3 million and approximately HK\$5.2 million respectively, of which credit loss allowance of approximately HK\$6.6 million and approximately HK\$2.0 million are related to contract assets and trade receivables of the Project, respectively.

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 Period 2024, the arbitration related to the Project reached an advanced stage and it was substantially completed, and we received a positive outcome in the award. It is expected the remaining portion of the arbitration process will be finished by the end of 2024. We believe that we can recover the amount due from the Direct Customers because (i) no matter what happens, our rights to demand outstanding payments from the Direct Customers are not affected by any other arrangements of other parties involved in the Project; (ii) 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 after the suspension of the Project during the Year 2024.

Impairment losses under ECL model were derived from trade receivables and contract assets of the Group. The reversal of impairment loss under ECL model was approximately HK\$3.2 million in the Period 2023 and the reversal of impairment loss under ECL model was approximately HK\$160,000 in the Period 2024. The reversal was mainly due to (i) the reversal of prior periods' impairment losses due to the recovery of outstanding balances; and (ii) improvement of ageing in trade receivables of the Group.

The Directors are closely overseeing recovery of the 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 decreased to approximately HK\$10.5 million for the Period 2024 from approximately HK\$11.7 million for the Period 2023. Such decreased was mainly due to the decrease in staff costs as a result of decreased number of staff hired for the Period 2024.

Taxation

The Group's income tax expense decreased from approximately HK\$0.9 million for the Period 2023 to income tax credit of approximately HK\$28,000 or the Period 2024. The decrease in income tax expense was mainly due to loss from operation.

Net Loss

The Group reported a net Loss for the Period 2024 of approximately HK\$7.5 million, as compared with a net profit of approximately HK\$4.5 million recorded for the Period 2023.

The basic loss per share for the Period 2024 would be approximately HK\$0.37 cents (the Period 2023: basic earnings per share was approximately HK\$0.22 cents).

Interim dividend

The Board did not recommend the payment of an interim dividend for the Period 2024 (the Period 2023: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations primarily through cash inflows from operating activities. As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$43.0 million (31 December 2023: approximately HK\$35.9 million). Furthermore, the Group also had time deposits of approximately HK\$21.2 million as at 30 June 2024 (31 December 2023: approximately HK\$20.2 million).

As at 30 June 2024, the working capital (current assets less current liabilities) of the Group was approximately HK\$176.7 million (31 December 2023: approximately HK\$183.4 million) and the net asset value was approximately HK\$201.7 million (31 December 2023: approximately HK\$209.1 million).

Gearing ratio (total debt/total equity) as at 30 June 2024 was approximately 20.2% (31 December 2023: approximately 24.3%).

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 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 Macau Pataca or Hong Kong dollars of the relevant group entities and the exchange rate between the functional currency and the 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. Interest rates of these bank deposits are determined by reference to the respective bank offer rates 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 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 control system.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSALS

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

PLEDGE OF ASSETS

As at 30 June 2024, a property in Macau with carrying amount of approximately HK\$15.0 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 and 30 June 2024 are pledged to secure the performance bonds granted to the Group. The Group had no other material pledge of assets as at 31 December 2023 and 30 June 2024.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have other plans for material investments and capital assets as at 30 June 2024 and up to the date of this announcement.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2024 (31 December 2023: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

PROSPECTS AND STRATEGIES

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

For development of E&M engineering services, the Group continues to achieve its business objective by expanding its scale of operation through its intended effort in actively seeking opportunities in undertaking additional E&M engineering services related projects in Macau and Hong Kong, from both existing and potential new customers, on top of its present scale of operation and its current projects on hand. The Group will expand its business to trading of construction materials in the near future.

Management of the Group is cautious about the Group's financial performance in second half of 2024 and believe that the Group will improve its financial results for this year.

EVENTS AFTER THE REPORTING PERIOD

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Period 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 58 full-time employees (including non-executive directors and executive directors) as at 30 June 2024 (31 December 2023: 72), among which 17 and 41 (31 December 2023: 16 and 56) were stationed in Macau and Hong Kong, respectively. 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 2024 was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group.

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 C1 to Rules Governing the Listing of Securities on the Stock Exchange (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 Period 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 is comprised of 3 executive Directors, 1 non-executive Director and 3 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.

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 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 throughout the Period 2024 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 2024.

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 2024 and up to the date of this announcement.

OTHER INFORMATION

Audit Committee

The Company has a board of audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls systems. A meeting of the Audit Committee was held on 28 August 2024 to review the unaudited condensed consolidated financial statements of the Group for the Period 2024.

The interim financial results of the Group for the Period 2024 are unaudited but have been reviewed by the Audit Committee and approved by the Board, which the Audit Committee 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

This 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
Wan Man Keung
Chairman and Chief Executive Officer

Hong Kong, 28 August 2024

As at 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.