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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)

**CONTINUING CONNECTED TRANSACTIONS
FRAMEWORK AGREEMENT**

FRAMEWORK AGREEMENT

The Board is pleased to announce that on 28 June 2024, Ready System (Macau), an indirect wholly-owned subsidiary of the Company, as purchaser and Ready Electrical Metal, as supplier, entered into the Framework Agreement, pursuant to which Ready System (Macau) agreed to purchase, and Ready Electrical Metal agreed to sell the Products.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ready Electrical Metal is an indirect wholly-owned subsidiary of REM Group (Holdings), of which Mr. Wan is the chairman, an executive director and a controlling shareholder. Mr. Wan is also the chairman, an executive director and a controlling shareholder of the Company. Accordingly, Ready Electrical Metal is a connected person of the Company as defined under the Listing Rules, and therefore the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the consideration expected to be paid by Ready System (Macau) to Ready Electrical Metal, in aggregate, for the purchase of the Products from Ready Electrical Metal under the Framework Agreement, on an annual basis, are less than 25% and the Annual Caps are less than HK\$10,000,000, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

FRAMEWORK AGREEMENT

The Board is pleased to announce that on 28 June 2024, Ready System (Macau), an indirect wholly-owned subsidiary of the Company, as purchaser, and Ready Electrical Metal, as supplier, entered into the Framework Agreement, pursuant to which Ready System (Macau) agreed to purchase, and Ready Electrical Metal agreed to sell the Products. Major terms of the Framework Agreement are as follows:

Date	28 June 2024
Parties	(1) Ready System (Macau), as purchaser; and (2) Ready Electrical Metal, as supplier
Term	From 28 June 2024 to 31 December 2026
Subject Matter	Ready System (Macau) agreed to purchase the Products which have been manufactured or processed in accordance with the specifications set out in each individual purchase order as may from time to time placed by Ready System (Macau) and accepted by Ready Electrical Metal.
Pricing basis	The purchase price shall be determined on a fair and reasonable basis in the ordinary and usual course of business of Ready System (Macau). The purchase price shall be equivalent or comparable to those prices obtained by Ready System (Macau) from other suppliers, who are Independent Third Parties, for similar Products and having regard to the quantity and other conditions of the purchase. In any event, such prices or purchase terms shall be no less favourable than those provided by Independent Third Parties to Ready System (Macau). The Directors confirmed that the transactions with Ready Electrical Metal are (i) conducted on normal commercial terms; (ii) carried out in the Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interest of the Shareholders as a whole.

Annual Caps

The Annual Caps are as follows:

Financial year	Annual Caps
For the financial year ending 31 December 2024	Less than HK\$10,000,000
For the financial year ending 31 December 2025	Less than HK\$10,000,000
For the financial year ending 31 December 2026	Less than HK\$10,000,000

BASIS OF DETERMINATION OF ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENT

The Annual Caps for the purchase of the Products from Ready System (Macau) to Ready Electrical Metal under the Framework Agreement have been determined with reference to the estimated demand from Ready System (Macau) in connection with its potential growth in provision of electrical and mechanical installation works during the economic recovery phase in Macau.

HISTORICAL TRANSACTION AMOUNTS FOR THE SUPPLY OF THE PRODUCTS

For each of the years ended 31 December 2021, 2022 and 2023, the transaction amounts for the purchase of the Products from Ready Electrical metal are approximately HK\$ Nil, HK\$ Nil, and HK\$496,386, respectively.

INFORMATION ABOUT THE GROUP AND READY SYSTEM (MACAU)

The Group is principally engaged in provision of electrical and mechanical engineering services.

Ready System (Macau) is an indirect wholly-owned subsidiary of the Company and is principally engaged in provision of electrical and mechanical installation works in Macau.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement (including the Annual Caps) are fair and reasonable and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Wan, being an executive Director, who has a material interest in the transactions contemplated under the Framework Agreement, has abstained from voting on the relevant board resolutions of the Company approving the same. Mrs. Kan Wan Wai Yee Mavis, who is a common director of the Company and REM Group (Holdings), has also abstained from voting on the relevant board resolutions of the Company approving the same due to her potential conflict of interests.

INTERNAL CONTROL

In order to ensure the terms of Framework Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no less favourable than those offered to the Group by the Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the finance department of the Company will closely monitor the transactions under the Framework Agreement to ensure that the transactions are conducted within the Annual Caps;
- (ii) Ready System (Macau) will obtain the market price of Products offered by Ready Electrical Metal and compare the same against the market price offered by Independent Third Parties. The purpose of this step is to ensure that the purchase to be made with Ready Electrical Metal will align with the prices offered from Independent Third Parties and will be no less favourable than those provided by Independent Third Parties to Ready System (Macau);
- (iii) the Company's external auditor will conduct an annual review of the transactions entered into under the Framework Agreement to ensure that the transaction amounts are within the Annual Caps and the transactions are in accordance with the terms set out in the Framework Agreement; and
- (iv) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Framework Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

In view of the pricing policy and internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Framework Agreement will be conducted on normal commercial terms or better and not prejudicial to the interests of the Company and its Shareholders.

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As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the consideration expected to be paid by Ready System (Macau) to Ready Electrical Metal, in aggregate, for the purchase of the Products from Ready Electrical Metal under the Framework Agreement, on an annual basis, are less than 25% and the Annual Caps are less than HK\$10,000,000, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Annual Cap(s)”	means the annual cap(s) of the accumulative transaction amount under the Framework Agreement for each of the three years ending 31 December 2026
“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 (9929.HK)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Ready System (Macau)”	Ready System Engineering Limited, a company incorporated in Macau with limited liability and a indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company

“Framework Agreement”	the agreement dated 28 June 2024 entered into between Ready Electrical Metal and Ready System (Macau) in relation to the purchase of the Products by Ready System (Macau) from Ready Electrical Metal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any person or company and its ultimate beneficial owners who, as far as the Directors are aware after having made all reasonable enquiries, are third parties independent of and not connected with the Company under Chapter 14A of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Mr. Wan”	Mr. Wan Man Keung, the chairman, executive Director and a controlling shareholder of the Company and the chairman, executive director and a controlling shareholder of REM Group (Holdings)
“Products”	include low-voltage switchboards, motor control centres, local motor control panels, and electrical parts and replacements of Ready Electrical Metal to be supplied to Ready System (Macau) pursuant to the Framework Agreement
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“REM Group (Holdings)”	REM Group (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 (1750.HK)
“Ready Electrical Metal”	Ready Electrical Metal Work Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of REM Group (Holdings)
“%”	per cent.

By Order of the Board
SEM Holdings Limited
Wan Man Keung
Chairman and Chief Executive Officer

Hong Kong, 28 June 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.