

IPO FACT SHEET
SEM Holdings Limited (9929)
ISSUE STATISTICS

Offer Size:	HK\$125m – HK\$175m
Placement Tranche:	500m
Price:	HK\$0.25 – HK\$0.35
Board lot:	10,000
Entry fee:	HK\$3,535.27
Historical PE	11.68x – 16.36x
Net tangible asset per share:	MOP0.12 – MOP0.14
Market Cap (post-IPO):	HK\$500m – HK\$700m
Open:	31 Jan 2020
Close:	12.00 noon on 5 Feb 2020
Trading:	14 Feb 2020
Sponsor:	Ample Capital Limited

Year ended 31 Dec	(MOP'000)	yoy % chg
Revenue		
2017	207,913	48.8%
2018	185,229	-10.9%
Profit and total comprehensive income for the year/period		
2017	38,899	102.0%
2018	41,486	6.7%

BACKGROUND

- Founded in 2006, The Group is an established E&M engineering works contractor in Macau with our focus on providing electrical-related E&M engineering works.
- During the Track Record Period, the scope of our E&M engineering works mainly consisted of supply, installation and maintenance of electrical system, for new and existing buildings in the projects of commercial and residential development, hotel development, casino development and hotel renovation in Macau.
- All their revenue was derived from Macau during the Track Record Period.

BUSINESS STRATEGIES

- Strengthening their financial position to undertake more sizeable E&M engineering projects.
- Establishing an E&M maintenance department.
- Strengthening their manpower.

COMPETITIVE STRENGTHS

- They are an established E&M engineering works contractor in Macau.
- They have established relationships with their top five customers, top five suppliers and top five subcontractors.
- They have an experienced and dedicated management team.

KEY RISKS

- They derived a significant portion of their revenue from their top five customers and the significant number of projects awarded by and revenue derived from Customers A and B during the Track Record Period may not be indicative of the number of projects to be awarded to them and amount of revenue they could derive from in the future.
- Their revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of their projects would affect their operations and financial results.
- They determine their tender price or quotation based on the estimated time and cost to be involved in a project, yet the actual time and

cost incurred may deviate from their estimate due to unexpected circumstances, thereby adversely affecting their operations and financial results.

- Their contracts generally have provisional items of works and their customers may cancel certain contract works by variation orders resulting in the total contract sum of that project reduced, which would adversely affect their operations and financial results.
- They may be exposed to delays and/or defaults of progress payments and/or retention monies by their customers which would adversely affect their cash flows or financial results.
- They may occasionally be required by their customers to arrange performance bonds to secure their due performance of contracts, which may adversely affect their cash flows and financial position.
- If the numbers of imported labour quota allocated to them is insufficient, they may need to employ appropriate number of suitable local workers in Macau and/or engage subcontractors, thereby adversely affecting their profit margin and financial results.

DIVIDEND POLICY

- No Fixed Dividend Policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Upfront cost of their projects including: (i) Purchase or deposit for materials such as cables, electrical parts and components; (ii) fees payable to the subcontractors (including the imported workers); and (iii) recruitment of direct labour (if necessary).	30.8	31.2%
Obtaining performance bonds for new E&M engineering projects from new and/or existing customers.	30.8	31.2%
Establishing an E&M maintenance department within one year after Listing.	20.6	20.9%
Strengthening their manpower within one year after Listing to handle the growing number of sizeable E&M engineering projects to be undertaken after strengthening their financial position with the net proceeds of the Share Offer.	9.7	9.9%
Strengthening their manpower within one year after Listing to work in the E&M maintenance department.	6.0	6.1%
Working capital and other general corporate purposes.	0.7	0.7%
Total:	98.5	100.0%

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