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REM Group (Holdings) Limited
全達電器集團(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1750)

PROFIT WARNING

This announcement is made by REM Group (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Interim Period**”) and other information currently available, it is anticipated that the Group will record a net loss of not less than HK\$15 million for the Interim Period as compared to a net profit of approximately HK\$6.9 million for the six months ended 30 June 2019.

The Board believes the decline in financial performance is primarily attributable to (i) the significant decrease of approximately 70% in revenue of the Group for the Interim Period as compared to the same period of 2019 as a result of the outbreak of COVID-19, which had led to prolonged suspension of the Group’s production activities of the low-voltage electrical power distribution and control devices following the Chinese New Year holiday and the delay in product delivery to the Group’s customers as the delivery and production schedule thereafter was distorted since the delivery dates for many of the Group’s customers were deferred; and (ii) the decrease in gross profit margin as a result of a much higher proportion of cost of sales being attributable to the fixed direct and indirect cost regardless of the level of sales such as engineering staff cost and part of the factory staff cost, rental and depreciation as well as a lower gross profit margin for Hong Kong and Macau jobs in general as a result of the increasingly fierce competition in the market due to the recent economic downturn.

As the Company is still in the process of finalising the interim results for the Interim Period, the information contained in this announcement is only a preliminary assessment made by the Board and the Company's management based on the unaudited consolidated management accounts of the Group for the Interim Period and the information currently available, which has not been audited nor confirmed by the auditor or the audit committee of the Company, and is subject to finalisation and adjustments. The interim results announcement for the Interim Period of the Company is expected to be published in August 2020.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
REM Group (Holdings) Limited
Wan Man Keung
Chairman and Executive Director

Hong Kong, 29 July 2020

As at the date of this announcement, the executive directors of the Company are Mr. Wan Man Keung and Mr. Leung Ka Wai, the non-executive director of the Company is Mrs. Kan Wan Wai Yee Mavis, and the independent non-executive directors of the Company are Mr. Ng Chi Keung Alex, Mr. Cheng Sum Hing and Ms. Ng Ching Ying.