

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of REM Group (Holdings) Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 together with comparative figures for the corresponding six months period in 2020, as follows:

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

*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>53,499</b>	31,885
Cost of sales		<u><b>(45,180)</b></u>	<u>(34,284)</u>
Gross profit (loss)		<b>8,319</b>	(2,399)
Other income, gains and losses	4	<b>56</b>	287
Selling and distribution expenses		<b>(2,581)</b>	(3,567)
Net impairment loss recognised on trade receivables and contract assets		<b>(569)</b>	(935)
Administrative and other expenses		<b>(10,402)</b>	(10,968)
Finance costs	5	<u><b>(61)</b></u>	<u>(68)</u>
<b>Loss before taxation</b>		<b>(5,238)</b>	(17,650)
Income tax credit	6	<u><b>131</b></u>	<u>1,710</u>
<b>Loss for the period</b>	7	<u><b>(5,107)</b></u>	<u>(15,940)</u>

		<b>Six months ended 30 June</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
<b>Other comprehensive income (expense)</b>			
<b>for the period:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		<u>494</u>	<u>(1,670)</u>
<b>Total comprehensive expense for the period</b>		<b><u>(4,613)</u></b>	<b><u>(17,610)</u></b>
<b>Loss per share</b>			
– Basic (HK cents)	9	<b>(0.28)</b>	(0.89)
– Diluted (HK cents)	9	<b><u>(0.28)</u></b>	<b><u>(0.89)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>25,649</b>	27,257
Right-of-use assets	<i>10</i>	<b>5,342</b>	4,361
Rental deposits		<b>23</b>	23
Contract assets	<i>11</i>	<b>12,153</b>	11,342
Deferred tax assets		<b>989</b>	857
		<b>44,156</b>	43,840
<b>Current assets</b>			
Inventories		<b>35,637</b>	25,963
Trade and other receivables	<i>12</i>	<b>56,132</b>	59,015
Contract assets	<i>11</i>	<b>8,273</b>	17,723
Financial assets at fair value through profit or loss		–	699
Amount due from a director		<b>18</b>	18
Tax recoverable		<b>420</b>	2,020
Restricted bank balance		<b>1,225</b>	39
Bank balances and cash		<b>77,965</b>	80,327
		<b>179,670</b>	185,804
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>40,477</b>	46,234
Contract liabilities		<b>4,838</b>	1,151
Lease liabilities		<b>1,273</b>	589
Amount due to a director		<b>49</b>	49
Tax payable		<b>1,260</b>	1,259
		<b>47,897</b>	49,282
<b>Net current assets</b>		<b>131,773</b>	136,522
<b>Total assets less current liabilities</b>		<b>175,929</b>	180,362

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Non-current liabilities</b>		
Lease liabilities	1,278	949
Provision for long service payments	<u>641</u>	<u>790</u>
	<u>1,919</u>	<u>1,739</u>
<b>NET ASSETS</b>	<b><u>174,010</u></b>	<b><u>178,623</u></b>
<b>Capital and reserves</b>		
Share capital	18,000	18,000
Share premium and reserves	<u>156,010</u>	<u>160,623</u>
<b>TOTAL EQUITY</b>	<b><u>174,010</u></b>	<b><u>178,623</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability on 15 March 2017 under the Companies Law of the Cayman Islands and its shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 May 2018 (the “**Listing**”). The addresses of the Company’s registered office and the principal place of business are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit 5, 4th Floor, Chai Wan Industrial City Phase II, No. 70 Wing Tai Road, Hong Kong, respectively. The Company’s immediate and ultimate holding companies are Unique Best Limited and WAN Union Limited, respectively, which were companies incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding and its subsidiaries are primarily engaged in sales and manufacturing of low-voltage electrical power distribution and control devices.

The condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

Certain comparative figures in the condensed consolidated financial statements have been reclassified to conform to current year’s presentation.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

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 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
--	--

The application of the above mentioned 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.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable for the sales of low-voltage electrical power distribution and control devices, less discounts, if any, during the period.

The executive Directors, being the chief operating decision maker (the “CODM”), regularly review revenue analysis by product types, including primarily low-voltage switchboard, local motor control panel, motor control centre, electrical distribution board and control box and electrical parts and replacements, and by location of delivery to customers. The CODM considered the operating activities of sales of low-voltage electrical power distribution and control devices as a single operating segment. Other than revenue analysis, the CODM reviews the profit or loss for the period of the Group as a whole to make decisions about performance assessment and resource allocation. The operation of the Group constitutes one single operating segment under HKFRS 8 “Operating Segments” and accordingly, no separate segment information is prepared. No segment assets and liabilities are presented as the CODM does not regularly review segment assets and liabilities.

#### Entity-wide information

An analysis of the Group’s revenue by products for the period is as follows:

	Six months ended 30 June	
	2021 <i>HK\$’000</i> (unaudited)	2020 <i>HK\$’000</i> (unaudited)
Low-voltage switchboard	17,753	17,903
Local motor control panel	16,606	9,498
Motor control centre	11,550	2,474
Electrical distribution board and control box	3,660	795
Electrical parts and replacements	3,930	1,215
	<u>53,499</u>	<u>31,885</u>

The Group sells all products directly to customers. Revenue is recognised when control of the goods has transferred or the services has performed, being when the goods or services have been delivered to the customers’ specific location and customer acceptance has been obtained. The Directors considered that the Group’s revenue is recognised at a point in time.

Revenue from external customers, based on location of delivery to customers is as follows:

Revenue:	Six months ended 30 June	
	2021 <i>HK\$’000</i> (unaudited)	2020 <i>HK\$’000</i> (unaudited)
Hong Kong	48,242	25,962
People’s Republic of China (“PRC”)	2,932	842
Macau	2,325	5,081
	<u>53,499</u>	<u>31,885</u>

An analysis of the Group's non-current assets other than rental deposits, contract assets and deferred tax assets is presented below based on their physical geographical location:

	At <b>30 June</b> <b>2021</b> <i>HK\$'000</i> (unaudited)	At 31 December 2020 <i>HK\$'000</i> (audited)
Hong Kong	6,186	6,905
PRC	<u>24,805</u>	<u>24,713</u>
	<u><b>30,991</b></u>	<u><b>31,618</b></u>

#### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Interest income	13	97
(Decrease) Increase in fair value changes of financial assets at fair value through profit or loss	(36)	32
Others	<u>79</u>	<u>158</u>
	<u><b>56</b></u>	<u><b>287</b></u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Interest expenses on lease liabilities	<u>61</u>	<u>68</u>
	<u><b>61</b></u>	<u><b>68</b></u>

## 6. INCOME TAX CREDIT

The taxation credit comprises:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax		
Hong Kong Profits Tax		
– Over-provision in respect of prior years ( <i>Note</i> )	–	(1,547)
PRC Enterprise Income Tax		
– Under-provision in respect of prior years	1	14
Deferred tax	<u>(132)</u>	<u>(177)</u>
Income tax credit	<u><u>(131)</u></u>	<u><u>(1,710)</u></u>

*Note:* The reversal of provision for the six months ended 30 June 2020 is related to tax refunds of a Hong Kong subsidiary arising from revised tax assessments with respect to prior years.

For the six months ended 30 June 2021 and 2020, no provision for Hong Kong Profits Tax is provided as the subsidiaries operating in Hong Kong have no assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% for both periods. No provision for Enterprise Income Tax ("EIT") is provided as the subsidiaries did not have any assessable profits subject to EIT in PRC during the periods.

## 7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,851	1,803
Depreciation of right-of-use assets	582	753
Government subsidies in relation to the Coronavirus Disease 2019 ("COVID-19") ( <i>Note</i> )	–	(1,205)
Net foreign exchange losses (gain)	<u>66</u>	<u>(231)</u>

*Note:* COVID-19 related government subsidies from Hong Kong Special Administrative Region ("HKSAR") government which has been offset against the staff costs of the Group.



## 8. DIVIDENDS

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 9. LOSS PER SHARE

The calculation of the basic loss per share for the period is based on the following:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(5,107)</u>	<u>(15,940)</u>
	Six months ended 30 June	
	2021	2020
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,800,000</u>	<u>1,800,000</u>

There were no potential ordinary shares in issue during both periods.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### (a) Acquisition of owned assets

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of approximately HK\$52,000 (30 June 2020: HK\$116,000).

### (b) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a lease agreement for use of factory, and therefore recognised the additions to right-of-use assets of approximately HK\$1,525,000 (30 June 2020: HK\$939,000).

## 11. CONTRACT ASSETS

Contract assets represent the retention receivables of approximately HK\$20,426,000 (31 December 2020: HK\$29,065,000) net of allowance for expected credit losses of approximately HK\$337,000 (31 December 2020: HK\$414,000). Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, ranging from 6 months to 2 years from the date of delivery of finished goods to customers, and are calculated at rates ranging from 2.5% to 20% of invoiced amounts. The retention receivables are transferred to trade receivables based on the expiry of the defect liability period.

The following is an analysis of contract assets at the end of the reporting period:

	At 30 June 2021 <i>HK\$'000</i> (unaudited)	At 31 December 2020 <i>HK\$'000</i> (audited)
Within one year	8,273	17,723
After one year	<u>12,153</u>	<u>11,342</u>
	<u><u>20,426</u></u>	<u><u>29,065</u></u>

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>HK\$'000</i> (unaudited)	At 31 December 2020 <i>HK\$'000</i> (audited)
Trade receivables	52,175	53,310
Less: Allowance for expected credit losses	<u>(2,130)</u>	<u>(1,476)</u>
	50,045	51,834
Bills receivable ( <i>Note</i> )	42	–
Other receivables, prepayment and deposits	<u>6,045</u>	<u>7,181</u>
	<u><u>56,132</u></u>	<u><u>59,015</u></u>

*Note:* All bills receivable by the Group are within a maturity period of less than one year.

The Group allows an average credit period of 0 to 90 days to its trade customers. A longer credit period may be granted to large or long established customers with good payment history. The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period:

	At 30 June 2021 <i>HK\$'000</i> (unaudited)	At 31 December 2020 <i>HK\$'000</i> (audited)
0 – 30 days	20,565	31,158
31 – 60 days	7,360	3,495
61 – 90 days	5,537	2,503
91 – 180 days	7,940	4,493
181 – 365 days	4,766	1,420
Over 1 year	3,877	8,765
	<u>50,045</u>	<u>51,834</u>

### 13. TRADE AND OTHER PAYABLES

	At 30 June 2021 <i>HK\$'000</i> (unaudited)	At 31 December 2020 <i>HK\$'000</i> (audited)
Trade and bills payable	38,076	39,864
Other payables	2,401	6,370
	<u>40,477</u>	<u>46,234</u>

The following is an analysis of trade and bills payable by age, presented based on the invoice date at the end of the reporting period:

	At 30 June 2021 <i>HK\$'000</i> (unaudited)	At 31 December 2020 <i>HK\$'000</i> (audited)
0 – 30 days	12,504	15,610
31 – 60 days	10,646	8,673
61 – 90 days	7,320	7,190
Over 90 days	7,606	8,391
	<u>38,076</u>	<u>39,864</u>

The other payables mainly consist of accrual of staff salaries and benefits.

### 14. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after 30 June 2021 and up to the date of this announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND MARKET PROSPECT**

The Group is a renowned manufacturer and supplier of low-voltage electrical power distribution and control devices in Hong Kong, Macau and the PRC. The Group's business have obviously improved during the six months ended 30 June 2021, resulted in a recorded net loss of approximately HK\$5.1 million as compared to a net loss of approximately HK\$15.9 million for the six months ended 30 June 2020. As a result of the gradual control of COVID-19 pandemic, the production process of our factories were resumed. Our sales volume increased significantly during the six months ended 30 June 2021 and off-setting the Group's direct and overhead costs which in turn resulted in an improved gross profit.

Although a variety of vaccines have been launched to combat the COVID-19, the new variants pose new threats and dangers to the entire world. Apart from the pandemic, the market for low-voltage electrical power distribution and control devices remains fierce. We are also facing a shortage of supply of electrical material, due to the tight supply of containers and the operation of containers port is being blocked in PRC where our production locates. Facing with such a difficult business environment, the Group has implemented a series of cost-saving measures, avoid incurring unnecessary transportation costs by monitoring production and delivery schedules for our Group's customers. The Group also re-engineer the production flow by fully utilising existing machines and equipment, maximise the production efficiency and refine the production process. We are working closely with our suppliers to change the supply chain from oversea to PRC in order to maintain stable supply of materials.

Despite the global economic uncertainty and the COVID-19, with our prudent and pragmatic business, the Group will strive on and tread cautiously to ride through the current and coming difficulties and challenges.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue increased significantly by approximately HK\$21.6 million, or approximately 67.8%, from approximately HK\$31.9 million for the six months ended 30 June 2020 to approximately HK\$53.5 million for the six months ended 30 June 2021. Such increase was directly attributable to the resumption of our factories operation after the lockdown and provincial travel restrictions were released in PRC. The production capacity is increased steadily in order to fulfil the requirements of the sales orders during the period.

## **Cost of Sales**

The Group's cost of sales amounted to approximately HK\$45.2 million for the six months ended 30 June 2021, representing an increase of approximately 31.8% from approximately HK\$34.3 million for the six months ended 30 June 2020. Cost of sales mainly comprised of costs of raw materials and staff costs, which accounted for approximately 73.9% and 16.6% respectively of the Group's total cost of sales for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately 70.4% and 17.8% respectively).

## **Gross Profit (Loss)**

The Group recorded a gross profit of approximately HK\$8.3 million for the six months ended 30 June 2021 as compared to a gross loss of approximately HK\$2.4 million for the six months ended 30 June 2020. The overall gross profit margin of the Group increased by approximately 23.1% from a negative gross margin of approximately 7.5% during the six months ended 30 June 2020 to approximately 15.6% during the six months ended 30 June 2021. The increase of gross margin was mainly due to (i) the increase in revenue which is relatively higher than the increase of cost of sales as a series of cost saving measures were implemented during the six months ended 30 June 2021, such as refining the production process and better utilising the production capacity; and (ii) the lockdown and provincial travel restrictions is eased in PRC, the production and manufacturing process is being closely monitored by the Group's management and thus to reduce the idle production capacity incurred in last year.

## **Other income, gains and losses**

The Group's other income, gains and losses decreased by approximately 80.5%, from approximately HK\$0.3 million for the six months ended 30 June 2020 to approximately HK\$56,000 for the six months ended 30 June 2021, which was mainly attributable to the subsidy provided by the PRC Government of approximately HK\$48,000 being recorded during the period as opposed to the subsidy provided by Hong Kong Government of approximately HK\$0.1 million being recorded for the six months ended 30 June 2020.

## **Selling and distribution expenses**

The Group's selling and distribution expenses decreased by approximately 27.6% from approximately HK\$3.6 million during the six months ended 30 June 2020 to approximately HK\$2.6 million during the six months ended 30 June 2021. Such decrease was mainly attributable to the implementation of the cost saving measures by monitoring production and delivery schedules of the Group's customer. As a result, the Group avoided incurring unnecessary transportation cost and a drop of transportation expenses by approximately HK\$1 million is being recorded during the six months ended 30 June 2021.

## **Administrative and other expenses**

The Group's administrative and other expenses decreased by approximately HK\$0.6 million, or approximately 5.2%, from approximately HK\$11.0 million for the six months ended 30 June 2020 to approximately HK\$10.4 million for the six months ended 30 June 2021. The decrease was mainly due to a drop in entertainment and travel expenses of approximately HK\$0.3 million as a result of the social distancing measures and travel restrictions implemented by the government.

## **Impairment loss recognised on trade receivables and contract assets**

The impairment loss recognised on trade receivables and contract assets for the six months ended 30 June 2021 is mainly contributed by the additional impairment on trade receivables for Hong Kong and PRC debtors amounting to a total of approximately HK\$0.4 million and HK\$0.2 million respectively.

## **Finance costs**

The Group's finance costs remained relatively stable at approximately HK\$61,000 and HK\$68,000 respectively for the six months ended 30 June 2021 and 2020, which mainly represented interest expenses on lease liabilities for both periods.

## **Taxation**

The Group recorded an income tax credit of approximately HK\$131,000 and approximately HK\$1.7 million respectively for each of the six months ended 30 June 2021 and 2020. As net losses were incurred for all companies within the Group, there were no taxable profits chargeable to Hong Kong Profits Tax nor PRC Enterprise Income Tax during the period. The income tax credit mainly arose from reversal of deferred tax liabilities recognised and tax refunds received during the six months ended 30 June 2021 and 2020, respectively.

## **Loss for the period attributable to the owners of the Company**

There was a net loss for the period attributable to the owners of the Company of approximately HK\$5.1 million, as compared with a net loss for the period attributable to owners of the Company of approximately HK\$15.9 million for the six months ended 30 June 2020.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group has financed its operations primarily through cash inflows from operating activities and proceeds received from the Listing. As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$78.0 million (31 December 2020: approximately HK\$80.3 million).

As at 30 June 2021, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$131.8 million (31 December 2020: approximately HK\$136.5 million) and approximately HK\$174.0 million (31 December 2020: approximately HK\$178.6 million) respectively.

The Group did not have any interest-bearing borrowings, which excluded lease liabilities, and thus gearing ratio was not applicable to the Company as at 30 June 2021 and 31 December 2020.

### **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 the functional currencies of the relevant group entities. 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 at variable interest rates. The interest rates of these bank deposits are determined by reference to the respective bank offer rate. The Group currently does not have an interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate risk should the need arise.

### **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION OR DISPOSALS**

There were no significant investments held, nor any material acquisitions or disposals of subsidiaries or associates during the six months ended 30 June 2021.

### **PLEDGE OF ASSETS**

As at 30 June 2021, the Group's banking facilities were secured by corporate guarantees provided by the Company for unlimited amounts and certain leasehold land and buildings, which remains unchanged from 31 December 2020.

## **FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

Save as disclosed above and in the prospectus of the Company dated 27 April 2018 (the “**Prospectus**”), the Group does not have other plans for material investments and capital assets for the six months ended 30 June 2021 and up to the date of this announcement.

## **CAPITAL COMMITMENTS**

The Group had no material capital commitments as at 30 June 2021 (31 December 2020: nil).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 June 2021 (31 December 2020: nil).

## **EVENTS AFTER THE REPORTING PERIOD**

There have been no material events occurring after the reporting period and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend to shareholders of the Company (the “**Shareholders**”) for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 241 full-time employees as at 30 June 2021 (31 December 2020: 238), among which 44 and 197 were stationed in Hong Kong and the PRC, respectively. Most of the Group’s employees were factory workers in the PRC. The total staff costs (including fees, salaries and other allowance, and retirement benefit scheme contributions) for the six months ended 30 June 2021 were approximately HK\$13.3 million (six months ended 30 June 2020: approximately HK\$12.5 million). 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 performance. The remuneration policy in place as at 30 June 2021 was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group.



## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **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 10 to the Listing Rules as its code of conduct regarding Director's securities transactions. Specific enquires have been made to all Directors and the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2021.

### **Compliance with the Corporate Governance Code**

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value accountability. The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021. The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes when appropriate and report to Shareholders accordingly.

### **Share Option Scheme**

The Company has adopted a share option scheme on 23 April 2018 (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 and up to the date of this announcement.

## **Review by Audit Committee**

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications. The Audit Committee consists of two independent non-executive Directors being Ms. Ng Ching Ying and Mr. Cheng Sum Hing, and one non-executive Director being Mrs. Kan Wan Wai Yee Mavis. The Audit Committee is chaired by Ms. Ng Ching Ying.

The Audit Committee has reviewed the unaudited consolidated interim results and the interim report of the Company for the six months ended 30 June 2021 and agreed to the accounting principles and practices adopted by the Company.

## **Publication of Results Announcement and Despatch of Interim Report**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.rem-group.com.hk](http://www.rem-group.com.hk)). The interim report will also be available at the above websites and will be despatched to the Shareholders in due course.

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

Hong Kong, 30 August 2021

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