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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)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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 2022 together with comparative figures for the corresponding six months period in 2021, as follows:

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

*For the six months ended 30 June 2022*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>91,605</b>	53,499
Cost of sales		<b>(78,857)</b>	(45,180)
Gross profit		<b>12,748</b>	8,319
Other income, gains and losses (net)	4	<b>504</b>	56
Selling and distribution expenses		<b>(4,340)</b>	(2,581)
Administrative and other expenses		<b>(12,625)</b>	(10,971)
Finance costs	5	<b>(236)</b>	(61)
<b>Loss before taxation</b>		<b>(3,949)</b>	(5,238)
Income tax (expense) credit	6	<b>(873)</b>	131
<b>Loss for the period</b>	7	<b>(4,822)</b>	(5,107)

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
<b>Other comprehensive (expense) income 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>(2,175)</u>	<u>494</u>
<b>Total comprehensive expense for the period</b>		<b><u><u>(6,997)</u></u></b>	<b><u><u>(4,613)</u></u></b>
<b>Loss per share</b>			
– Basic (HK cents)	9	<b>(0.27)</b>	(0.28)
– Diluted (HK cents)	9	<b><u><u>(0.27)</u></u></b>	<b><u><u>(0.28)</u></u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>22,267</b>	24,526
Right-of-use assets	<i>10</i>	<b>3,883</b>	3,856
Rental deposits		<b>22</b>	23
Contract assets	<i>11</i>	<b>4,953</b>	13,811
		<u><b>31,125</b></u>	<u>42,216</u>
<b>Current assets</b>			
Inventories		<b>51,304</b>	37,827
Trade and other receivables	<i>12</i>	<b>62,560</b>	63,572
Contract assets	<i>11</i>	<b>11,110</b>	8,247
Tax recoverable		<b>2</b>	2
Restricted bank balances		<b>3,353</b>	4,571
Bank balances and cash		<b>72,188</b>	71,752
		<u><b>200,517</b></u>	<u>185,971</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>70,645</b>	57,615
Contract liabilities		<b>4,572</b>	8,056
Lease liabilities		<b>432</b>	322
Tax payable		<b>1,462</b>	657
		<u><b>77,111</b></u>	<u>66,650</u>
<b>Net current assets</b>		<u><b>123,406</b></u>	<u>119,321</u>
<b>Total assets less current liabilities</b>		<u><b>154,531</b></u>	<u>161,537</u>

	<b>30 June 2022 HK\$'000 (unaudited)</b>	31 December 2021 HK\$'000 (audited)
<b>Non-current liabilities</b>		
Lease liabilities	819	746
Provision for long service payments	422	504
	<u>1,241</u>	<u>1,250</u>
<b>NET ASSETS</b>	<b><u>153,290</u></b>	<b><u>160,287</u></b>
<b>Capital and reserves</b>		
Share capital	18,000	18,000
Share premium and reserves	135,290	142,287
	<u>153,290</u>	<u>142,287</u>
<b>TOTAL EQUITY</b>	<b><u>153,290</u></b>	<b><u>160,287</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 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 2022 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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	
	2022 <i>HK\$’000</i> (unaudited)	2021 <i>HK\$’000</i> (unaudited)
Low-voltage switchboard	27,169	17,753
Local motor control panel	36,349	16,606
Motor control centre	15,245	11,550
Electrical distribution board and control box	8,088	3,660
Electrical parts and replacements	4,754	3,930
	<u>91,605</u>	<u>53,499</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	
	2022 <i>HK\$’000</i> (unaudited)	2021 <i>HK\$’000</i> (unaudited)
Hong Kong	68,803	48,242
Mainland China	1,777	2,932
Macau	21,025	2,325
	<u>91,605</u>	<u>53,499</u>

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

	At <b>30 June</b> <b>2022</b> <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Hong Kong	5,272	5,444
Mainland China	<u>20,878</u>	<u>22,938</u>
	<u><b>26,150</b></u>	<u><b>28,382</b></u>

#### 4. OTHER INCOME, GAINS AND LOSSES (NET)

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Interest income	26	13
Loss on redemption of financial assets at fair value through profit or loss	–	(36)
Others	<u>478</u>	<u>79</u>
	<u><b>504</b></u>	<u><b>56</b></u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Interest expenses on short term borrowings	226	–
Interest expenses on lease liabilities	<u>10</u>	<u>61</u>
	<u><b>236</b></u>	<u><b>61</b></u>

## 6. INCOME TAX EXPENSE (CREDIT)

The taxation expense (credit) comprises:

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax		
People's Republic of China ("PRC") Enterprise Income Tax		
– Provision for the period	873	1
Deferred tax	–	(132)
Income tax expense (credit)	<u>873</u>	<u>(131)</u>

For the six months ended 30 June 2022 and 2021, 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 Mainland China is 25% for both periods. Enterprise Income Tax ("EIT") is provided as the subsidiaries have assessable profits subject to EIT in Mainland China during the period.

## 7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,355	1,851
Depreciation of right-of-use assets	157	582
Government subsidies in relation to the		
Coronavirus Disease 2019 ("COVID-19") ( <i>Note</i> )	(328)	–
Net foreign exchange (gains) losses	(73)	66
Net (reversal of) impairment loss on trade receivables and		
contract assets	<u>(210)</u>	<u>569</u>

*Note:* COVID-19 related Employment Support Scheme 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 2022 (six months ended 30 June 2021: 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	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(4,822)</u>	<u>(5,107)</u>
	<b>Six months ended 30 June</b>	
	2022 <i>'000</i>	2021 <i>'000</i>
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 2022, the Group acquired items of property, plant and equipment with a cost of approximately HK\$464,000 (six months ended 30 June 2021: HK\$52,000).

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

During the six months ended 30 June 2022, the Group entered into a lease agreement for use of warehouse, and therefore recognised the additions to right-of-use assets of approximately HK\$381,000 (six months ended 30 June 2021: HK\$1,525,000).

## 11. CONTRACT ASSETS

Contract assets represent the retention receivables of approximately HK\$16,063,000 (31 December 2021: HK\$22,058,000) net of allowance for expected credit losses of approximately HK\$337,000 (31 December 2021: HK\$236,000). 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. 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 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Within one year	11,110	8,247
After one year	4,953	13,811
	<u>16,063</u>	<u>22,058</u>

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Trade receivables	58,451	58,298
Less: Allowance for expected credit losses	(582)	(893)
	<u>57,869</u>	<u>57,405</u>
Other receivables, prepayment and deposits	4,691	6,167
	<u>62,560</u>	<u>63,572</u>

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 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
0 – 30 days	16,033	24,148
31 – 60 days	17,690	14,976
61 – 90 days	8,548	1,205
91 – 180 days	6,813	5,348
181 – 365 days	3,413	4,112
Over 1 year	5,372	7,616
	<u>57,869</u>	<u>57,405</u>

### 13. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Trade payables	40,949	39,261
Bills payables	3,367	2,833
	<u>44,316</u>	<u>42,094</u>
Accruals and other payables	9,812	7,931
Short term borrowings	16,517	7,590
	<u>70,645</u>	<u>57,615</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 <b>30 June</b> <b>2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 December 2021 <i>HK\$'000</i> (audited)
0 – 30 days	<b>12,308</b>	7,390
31 – 60 days	<b>18,522</b>	14,483
61 – 90 days	<b>10,614</b>	8,446
Over 90 days	<b>2,872</b>	11,775
	<b>44,316</b>	42,094

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

The short term borrowings mainly represent: (i) an unsecured loan from a third party amounted to RMB2,500,000 (equivalent to HK\$2,929,000), which carry interests of 4.75% per annum and repayable within one year after the end of the reporting date; and (ii) an unsecured loan from a related company amounted to RMB11,600,000 (equivalent to HK\$13,588,000), which carry interests of 4.62% per annum and repayable within one year after the end of the reporting date.

#### **14. EVENTS AFTER THE REPORTING PERIOD**

There have been no material events occurring after 30 June 2022 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 Mainland China. The Group's business performance has significant improvement during the six months ended 30 June 2022, resulted in an increase in revenue of approximately HK\$38.1 million to HK\$91.6 million as compared to approximately HK\$53.5 million for the six months ended 30 June 2021. Such increase was mainly due to the contribution in relation to two urban complex constructions which are a General Hospital Building and a multi-purpose sports venue located respectively in Macau and Hong Kong. However, the gross profit margin remains low for the period as the market for our Group's product remains fierce and our products have been suffering the persistence pressure on the selling price in the market. The effect of the above mentioned situations resulted in a net loss of approximately HK\$4.8 million, as compared to a net loss of approximately HK\$5.1 million for the six months ended 30 June 2021.

During the relevant periods, the impact of the COVID-19 and the other impacting factors includes inflation, supply chain and logistics disruption continued to be felt on a global scale. Under such challenging environment, it is exceedingly difficult to predict the business outlook. We are expecting to expand our supply chain operations with tightening cost control measures so as to mitigate our business risks and strengthen our sustainability and competitiveness.

The Group will closely monitor the Group's exposure to the risks and uncertainties in connection with COVID-19, assess and react proactively to its impacts on the financial position and results of the Group. In view of the global economic uncertainty, the Group will continue to take a conservative approach in capacity planning, and adopt stringent cost and risk management measures to guard against heightened uncertainty in the operating landscape.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue increased significantly by approximately HK\$38.1 million, or approximately 71.2%, from approximately HK\$53.5 million for the six months ended 30 June 2021 to approximately HK\$91.6 million for the six months ended 30 June 2022. Such increase was directly attributable to the improvement of production processes in our factories. The production capacity is therefore 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\$78.9 million for the six months ended 30 June 2022, representing an increase of approximately 74.5% from approximately HK\$45.2 million for the six months ended 30 June 2021. Cost of sales mainly comprised of costs of raw materials and staff costs, which accounted for approximately 82.1% and 13.6% respectively of the Group's total cost of sales for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately 73.9% and 16.6% respectively).

## **Gross Profit**

The Group recorded a gross profit of approximately HK\$12.7 million for the six months ended 30 June 2022 as compared to approximately HK\$8.3 million for the six months ended 30 June 2021. The overall gross profit margin of the Group decreased by approximately 1.6% from a approximately 15.5% during the six months ended 30 June 2021 to approximately 13.9% during the six months ended 30 June 2022. The decrease of gross margin was mainly due to the combined factors of competitive markets and the persistence pressure on the selling price of our products.

## **Other income, gains and losses (net)**

The Group's other income, gains and losses (net) increased from approximately HK\$56,000 for the six months ended 30 June 2021 to approximately HK\$504,000 for the six months ended 30 June 2022, which was mainly attributable to the Employment Support Scheme subsidies from the Hong Kong Government of approximately HK\$328,000 being recorded during the period.

## **Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately 68.1% from approximately HK\$2.6 million during the six months ended 30 June 2021 to approximately HK\$4.3 million during the six months ended 30 June 2022. Such increase is in line with the growth of the sales during the period. The group continues to implement the cost saving measures in order to minimise the unnecessary transportation cost.

### **Administrative and other expenses**

The Group's administrative and other expenses increased by approximately HK\$1.6 million, or approximately 15.1%, from approximately HK\$11.0 million for the six months ended 30 June 2021 to approximately HK\$12.6 million for the six months ended 30 June 2022. An increase in administrative and other expenses was mainly due to the long service payment paid in Mainland China entities during the period ended 30 June 2022.

### **Net (reversal of) impairment loss on trade receivables and contract assets**

The net (reversal of) impairment loss on trade receivables and contract assets for the six months ended 30 June 2022 is mainly contributed by the reversal of impairment loss on trade receivables for Hong Kong and the provision of impairment loss on trade receivable from Mainland China amounting to a total of approximately HK\$311,000 and approximately HK\$101,000 respectively.

### **Finance costs**

The Group's finance costs increased from approximately HK\$61,000 for the six months ended 30 June 2021 to approximately HK\$236,000 for the six months ended 30 June 2022, which mainly due to the interest expenses on the additional short-term borrowings raised in Mainland China entity.

### **Taxation**

The Group recorded an income tax expense of approximately HK\$873,000 and income tax credit of approximately HK\$131,000 respectively for the six months ended 30 June 2022 and 2021. The income tax expense mainly arose from the profits being recorded in Mainland China entity during the six months ended 30 June 2022.

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

The Group's net loss for the period attributable to the owners of the company remained relatively stable at approximately HK\$4.8 million and HK\$5.1 million respectively for the six months ended 30 June 2022 and 2021.

## **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 2022, the Group had cash and cash equivalents of approximately HK\$75.5 million (31 December 2021: approximately HK\$76.3 million).

As at 30 June 2022, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$123.4 million (31 December 2021: approximately HK\$119.3 million) and approximately HK\$153.3 million (31 December 2021: approximately HK\$160.3 million) respectively.

Gearing ratio (calculated based on the interests bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period and multiplied by 100%) as at 30 June 2022 was approximately 10.8% (31 December 2021: 4.7%). Such increase was mainly due to additional short-term borrowings raised during the period.

### **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 fair value interest rate risk in relation to lease liabilities. The Group is exposed to cash flow 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 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.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances.

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

Save as disclosed in this announcement, there were no significant investments held, nor any material acquisitions or disposals of subsidiaries or associates during the six months ended 30 June 2022.



## PLEDGE OF ASSETS

As at 31 December 2021 and 30 June 2022, the Group's banking facilities were secured by corporate guarantees provided by the Company for unlimited amounts and certain leasehold land and buildings. There was no other pledge of assets as at 31 December 2021 and 30 June 2022.

## FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this announcement 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 2022 and up to the date of this announcement.

## CAPITAL COMMITMENTS

The Group had the following capital commitment in respect of investment in a subsidiary at the end of the reporting period.

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Contracted, but not provided for – committed investment in a subsidiary	<u>1,000</u>	<u>1,000</u>

## CONTINGENT LIABILITIES

At 30 June 2022, contingent liabilities not provided for in the reporting period were as follows:

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Performance bonds given to customers for due and proper performance of projects undertaken by the Group's subsidiaries	<u>3,353</u>	<u>6,975</u>

## **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 2022 (six months ended 30 June 2021: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 241 full-time employees as at 30 June 2022 (31 December 2021: 221), among which 45 and 196 were stationed in Hong Kong and Mainland China, respectively. Most of the Group’s employees were factory workers in Mainland China. The total staff costs (including fees, salaries and other allowance, and retirement benefit scheme contributions) for the six months ended 30 June 2022 were approximately HK\$19.5 million (six months ended 30 June 2021: approximately HK\$13.3 million). The remuneration policy and package of the Group’s employees were periodically reviewed. Apart from retirement benefit scheme contributions, salary 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 2022 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 2022, 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 2022, and up to the date of this announcement.

## **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 2022. 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 has 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 2022 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 2022

*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.*