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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 2023

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 2023 together with comparative figures for the corresponding six months period in 2022, as follows:

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

For the six months ended 30 June 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	85,753	91,605
Cost of sales		<u>(70,285)</u>	<u>(78,857)</u>
Gross profit		15,468	12,748
Other income, gains and losses (net)	4	1,773	504
Selling and distribution expenses		(2,923)	(4,340)
Administrative and other expenses		(13,399)	(12,625)
Finance costs	5	<u>(229)</u>	<u>(236)</u>
Profit/(loss) before taxation		690	(3,949)
Income tax expense	6	<u>(153)</u>	<u>(873)</u>
Profit/(loss) for the period	7	<u>537</u>	<u>(4,822)</u>

		Six months ended 30 June	
		2023	2022
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Other comprehensive expense for the period:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
	– Exchange differences arising on translation of foreign operations	<u>(2,555)</u>	<u>(2,175)</u>
Total comprehensive expense for the period		<u><u>(2,018)</u></u>	<u><u>(6,997)</u></u>
Earning/(loss) per share			
	– Basic (HK cents)	9 0.03	(0.27)
	– Diluted (HK cents)	9 0.03	(0.27)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>Notes</i>	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	16,884	19,105
Right-of-use assets	<i>10</i>	4,155	4,729
Rental deposits		–	21
Contract assets	<i>11</i>	6,948	6,874
		<u>27,987</u>	<u>30,729</u>
Current assets			
Inventories		39,121	36,789
Trade and other receivables	<i>12</i>	71,896	85,046
Contract assets	<i>11</i>	11,817	12,417
Amount due from a director		18	18
Bank balances and cash		56,583	71,091
		<u>179,435</u>	<u>205,361</u>
Current liabilities			
Trade and other payables	<i>13</i>	41,943	67,493
Contract liabilities		1,774	2,546
Lease liabilities		525	773
Amount due to a director		49	49
Tax payable		702	619
		<u>44,993</u>	<u>71,480</u>
Net current assets		<u>134,442</u>	<u>133,881</u>
Total assets less current liabilities		<u>162,429</u>	<u>164,610</u>

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current liabilities		
Lease liabilities	1,316	1,482
Provision for long service payments	<u>483</u>	<u>480</u>
	<u>1,799</u>	<u>1,962</u>
NET ASSETS	<u>160,630</u>	<u>162,648</u>
Capital and reserves		
Share capital	18,000	18,000
Share premium and reserves	<u>142,630</u>	<u>144,648</u>
TOTAL EQUITY	<u>160,630</u>	<u>162,648</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2023 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 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

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 2023 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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	
	2023 <i>HK\$’000</i> (unaudited)	2022 <i>HK\$’000</i> (unaudited)
Low-voltage switchboard	31,543	27,169
Local motor control panel	31,887	36,349
Motor control centre	9,291	15,245
Electrical distribution board and control box	10,897	8,088
Electrical parts and replacements	2,135	4,754
	<u>85,753</u>	<u>91,605</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	
	2023 <i>HK\$’000</i> (unaudited)	2022 <i>HK\$’000</i> (unaudited)
Hong Kong	70,152	68,803
Mainland China	2,816	1,777
Macau	12,785	21,025
	<u>85,753</u>	<u>91,605</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 30 June 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
Hong Kong	4,490	5,742
Mainland China	<u>16,549</u>	<u>18,092</u>
	<u>21,039</u>	<u>23,834</u>

4. OTHER INCOME, GAINS AND LOSSES (NET)

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Interest income	683	26
Others	<u>1,090</u>	<u>478</u>
	<u>1,773</u>	<u>504</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Interest expenses on short term borrowings	173	226
Interest expenses on lease liabilities	<u>56</u>	<u>10</u>
	<u>229</u>	<u>236</u>

6. INCOME TAX EXPENSE

The taxation expense comprises:

	Six months ended 30 June	
	2023	2022
	<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	153	873
Deferred tax	–	–
Income tax expense	<u>153</u>	<u>873</u>

For the six months ended 30 June 2023 and 2022, 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. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit/(loss) for the period has been arrived at after charging/ (crediting):		
Depreciation of property, plant and equipment	1,542	1,355
Depreciation of right-of-use assets	439	157
Government subsidies in relation to the Coronavirus Disease 2019 ("COVID-19") (Note)	–	(328)
Net foreign exchange losses/(gains)	77	(73)
Net impairment loss on trade receivables and contract assets	<u>(233)</u>	<u>(210)</u>

Note: COVID-19 related Employment Support Scheme subsidies from the 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 2023 (six months ended 30 June 2022: nil).

9. EARNING/(LOSS) PER SHARE

The calculation of the basic earning/(loss) per share for the period is based on the following:

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earning/(loss) per share	<u>537</u>	<u>(4,822)</u>
	Six months ended 30 June	
	2023	2022
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earning/(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 2023, the Group acquired items of property, plant and equipment with a cost of approximately HK\$440,000 (six months ended 30 June 2022: HK\$464,000).

(b) Right-of-use assets

During the six months ended 30 June 2023, the Group did not enter into any new lease agreement and therefore recognised the additions to right-of-use assets is nil (six months ended 30 June 2022: HK\$381,000).

11. CONTRACT ASSETS

Contract assets represent the retention receivables of approximately HK\$18,765,000 (31 December 2022: HK\$19,291,000) net of allowance for expected credit losses of approximately HK\$623,000 (31 December 2022: HK\$278,000). 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 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
Within one year	11,817	12,417
After one year	6,948	6,874
	<u>18,765</u>	<u>19,291</u>

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
Trade receivables	66,743	80,653
Less: Allowance for expected credit losses	(969)	(1,081)
	<u>65,774</u>	<u>79,572</u>
Other receivables, prepayment and deposits	6,122	5,474
	<u>71,896</u>	<u>85,046</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 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
0 – 30 days	44,339	43,993
31 – 60 days	1,704	10,294
61 – 90 days	3,550	7,424
91 – 180 days	9,797	8,982
181 – 365 days	2,463	5,308
Over 1 year	3,921	3,571
	<u>65,774</u>	<u>79,572</u>

13. TRADE AND OTHER PAYABLES

	At 30 June 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
Trade payables	25,766	33,717
Bills payables	3,333	7,033
	<u>29,099</u>	<u>40,750</u>
Accruals and other payables	5,834	11,266
Other loans	7,010	15,477
	<u>41,943</u>	<u>67,493</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 2023 <i>HK\$'000</i> (unaudited)	At 31 December 2022 <i>HK\$'000</i> (audited)
0 – 30 days	6,394	10,590
31 – 60 days	8,780	15,785
61 – 90 days	9,869	4,739
Over 90 days	4,056	9,636
	29,099	40,750

The other payables mainly consist of accrual of staff salaries and benefits, other payables of a related party and accrual of operating expenses.

As at 30 June 2023, other payable of a related party amounted to HK\$1,847,000 which is unsecured, interest free and repayable on demand.

As at 30 June 2023, the other loans mainly represent: (i) an unsecured loan from a third party amounted to RMB2,500,000 (equivalent to HK\$2,696,000), which carry interests of 4.17% 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 RMB4,000,000 (equivalent to HK\$4,314,000), which carry interests of 4.17% per annum and repayable within one year after the end of the reporting date.

As at 31 December 2022, the other loans mainly represent: (i) an unsecured loan from a third party amounted to RMB2,500,000 (equivalent to HK\$2,820,000), which carry interests of 4.17% per annum and repayable within one year after the end of the reporting date; and (ii) two unsecured loans from related companies amounted to RMB10,800,000 (equivalent to HK\$12,183,000), which carry interests of 4.17% 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 2023 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 a significant improvement during the six months ended 30 June 2023, recorded a net profit of approximately HK\$537,000 as compared to a net loss of approximately HK\$4.8 million for the six months ended 30 June 2022. The turnaround from loss to profit position was mainly due to continuous cost control on production cost and operating expenses, implemented by the Group.

During the relevant periods, the impact of the COVID-19 has been gradually diminished, the relaxation of travel restriction measures and social distancing restrictions between Hong Kong, Macau and Mainland China, the demand of our products is picking up gradually with the recovery of construction. However, due to the rising interest rates, supply chain stagnation, inflation and war between Russia and Ukraine, pressure on the global economy still exists.

In addition, the Group will continue to improve the variety and quality of our products, implement effective cost control measures, diversify our sales network and customer base and strive to expand our own brand product offering. We will strive to achieve sustainable business growth and deliver maximum long-term benefits to our shareholders. The Board still remains prudently optimistic on the business and prospects of the Group in the upcoming year.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$5.8 million, or approximately 6.4%, from approximately HK\$91.6 million for the six months ended 30 June 2022 to approximately HK\$85.8 million for the six months ended 30 June 2023. Such decrease was directly attributable to the completion of the project of the General Hospital building in Macau in year 2022.

Cost of Sales

The Group's cost of sales amounted to approximately HK\$70.3 million for the six months ended 30 June 2023, representing an decrease of approximately 10.9% from approximately HK\$78.9 million for the six months ended 30 June 2022. Cost of sales mainly comprised of costs of raw materials and staff costs, which accounted for approximately 77.7% and 15.5% respectively of the Group's total cost of sales for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately 82.1% and 13.6% respectively).

Gross Profit

The Group recorded a gross profit of approximately HK\$15.5 million for the six months ended 30 June 2023 as compared to approximately HK\$12.7 million for the six months ended 30 June 2022. The overall gross profit margin of the Group increased by approximately 4.1% from approximately 13.9% during the six months ended 30 June 2022 to approximately 18.0% during the six months ended 30 June 2023. The increase of gross profit margin was mainly due to the lower of cost of sales as a series of cost saving measures implemented to lower the cost of sales.

Other income, gains and losses (net)

The Group's other income, gains and losses (net) increased from approximately HK\$504,000 for the six months ended 30 June 2022 to approximately HK\$1.8 million for the six months ended 30 June 2023, which was attributable to the bank interest income of approximately HK\$683,000 and the exchange gain due to the fluctuation of exchange rate of approximately HK\$474,000 being recorded during the period ended 30 June 2023.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately 32.6% from approximately HK\$4.3 million during the six months ended 30 June 2022 to approximately HK\$2.9 million during the six months ended 30 June 2023. Such decrease was mainly due to the Group's continuous implementation of the cost control measures in order to minimise unnecessary transportation cost.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately HK\$0.8 million, or approximately 6.1%, from approximately HK\$12.6 million for the six months ended 30 June 2022 to approximately HK\$13.4 million for the six months ended 30 June 2023. An increase in administrative and other expenses was mainly due to increase of staff salary payment paid in Hong Kong entities during the period ended 30 June 2023.

Finance costs

The Group's finance costs decreased from approximately HK\$236,000 for the six months ended 30 June 2022 to approximately HK\$229,000 for the six months ended 30 June 2023. The finance cost mainly arose from the interest expenses of the short-term borrowings recorded in Mainland China entity during the six months ended 30 June 2023.

Taxation

The Group recorded an income tax expense of approximately HK\$153,000 and approximately HK\$873,000 respectively for the six months ended 30 June 2023 and 2022. The income tax expense mainly arose from the profits being recorded in Mainland China entity during the six months ended 30 June 2023.

Profit/(loss) for the period attributable to the owners of the Company

As a result of the significant increase in gross profit, there was a net profit for the period attributable to the owners of the Company of approximately HK\$537,000 for the six months ended 30 June 2023, as compared with a net loss for the period attributable to the owners of the Company of approximately HK\$4.8 million for the six months ended 30 June 2022.

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 2023, the Group had cash and cash equivalents of approximately HK\$56.6 million (31 December 2022: approximately HK\$71.1 million).

As at 30 June 2023, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$134.4 million (31 December 2022: approximately HK\$133.9 million) and approximately HK\$160.6 million (31 December 2022: approximately HK\$162.6 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 2023 was approximately 4.4% (31 December 2022: 9.2%). Such decrease was mainly due to repayment of short-term borrowings 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 2023.

PLEDGE OF ASSETS

As at 30 June 2023 and 31 December 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 30 June 2023 and 31 December 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 2023 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 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Contracted, but not provided for – committed investment in a subsidiary	<u>1,000</u>	<u>1,000</u>

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: 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 2023 (six months ended 30 June 2022: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group had 242 full-time employees as at 30 June 2023 (31 December 2022: 238), among which 52 and 190 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 2023 were approximately HK\$18.0 million (six months ended 30 June 2022: approximately HK\$19.5 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 2023 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 2023, 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 2023, 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 2023. 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 2023 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) and the Company’s website (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, 24 August 2023

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.