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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of REM Group (Holdings) Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024 (the “**Year 2024**”), together with comparative figures for the year ended 31 December 2023 (the “**Year 2023**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	4	140,792	166,784
Cost of sales		<u>(104,165)</u>	<u>(124,863)</u>
Gross profit		36,627	41,921
Other income, gains and losses, net	5	2,032	2,727
Selling and distribution expenses		(4,684)	(5,712)
Administrative and other expenses		(31,885)	(30,600)
Finance costs	6	<u>(225)</u>	<u>(353)</u>
Profit before taxation	7	1,865	7,983
Income tax expense	8	<u>(208)</u>	<u>(985)</u>
Profit for the year		<u>1,657</u>	<u>6,998</u>
Other comprehensive expense for the year:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon deregistration of subsidiaries		122	–
Exchange differences arising on translation of foreign operations		<u>(2,374)</u>	<u>(1,714)</u>
		<u>(2,252)</u>	<u>(1,714)</u>
Total comprehensive (expense)/income for the year		<u>(595)</u>	<u>5,284</u>
Earnings per share			
– basic and diluted (HK cents)	10	<u>0.09</u>	<u>0.39</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		22,591	20,466
Right-of-use assets		5,038	4,941
Rental deposits		20	21
Contract assets	11	5,842	6,613
		<u>33,491</u>	<u>32,041</u>
Current assets			
Inventories		42,900	36,190
Trade and other receivables	12	48,644	62,128
Contract assets	11	18,382	20,676
Amounts due from a director		–	5
Tax recoverable		330	–
Restricted bank balances		347	–
Bank balances and cash		63,809	53,000
		<u>174,412</u>	<u>171,999</u>
Current liabilities			
Trade and other payables	13	34,541	30,053
Contract liabilities		1,676	1,350
Lease liabilities		1,914	971
Tax payable		798	1,131
		<u>38,929</u>	<u>33,505</u>
Net current assets		<u>135,483</u>	<u>138,494</u>
Total assets less current liabilities		<u>168,974</u>	<u>170,535</u>

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		1,032	1,690
Provision for long service payments		246	470
Deferred tax liabilities	<i>14</i>	359	443
		<u>1,637</u>	<u>2,603</u>
Net assets		<u>167,337</u>	<u>167,932</u>
Capital and reserves			
Share capital		18,000	18,000
Share premium and reserves		149,337	149,932
Total equity		<u>167,337</u>	<u>167,932</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

REM Group (Holdings) Limited (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 Company’s immediate and ultimate holding company are Unique Best Limited and WAN Union Limited, respectively, which were companies incorporated in the British Virgin Islands. 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, 4/F., Phase II Chai Wan Industrial City, No. 70 Wing Tai Road, Hong Kong, respectively.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) *Amended standards adopted by the Group*

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) *New and amendments to HKFRSs in issue but not yet effective*

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Annual improvements to HKFRS HKFRS 18	Accounting Standards – Volume 11 ³ Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The Group is in the process of making an assessment of the impact of these developments in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

4. 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 year.

The executive directors of the Company, 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 all products as a single operating segment. Other than revenue analysis, the CODM reviews the profit or loss for the year of the Group as a whole to make decisions about performance assessment and resources 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.

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Low-voltage switchboard	62,444	65,349
Local motor control panel	48,362	52,597
Motor control centre	16,800	24,657
Electrical distribution board and control box	6,118	19,351
Electrical parts and replacements	7,068	4,830
	<u>140,792</u>	<u>166,784</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 of the Company 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:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue		
– Hong Kong	133,001	146,212
– Macau	6,307	14,364
– Mainland China	1,484	6,208
	<u>140,792</u>	<u>166,784</u>

Revenue from customers individually contributing over 10% of the total revenue of the Group of the corresponding years are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	24,188	N/A *
Customer B	20,642	19,898
Customer C	16,224	N/A *
Customer D	N/A *	27,257
Customer E	N/A *	18,680
	<u>24,188</u>	<u>19,898</u>

* The revenue generated from the relevant customers did not exceed 10% of the total revenue of the Group for the relevant year.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	5,442	5,288
Mainland China	22,187	20,119
	<u>27,629</u>	<u>25,407</u>

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net exchange gain	279	545
Interest income	1,420	1,368
(Loss)/gain on disposal of property, plant and equipment	(60)	41
Loss on deregistration of subsidiaries	(122)	—
Others	515	773
	<u>2,032</u>	<u>2,727</u>

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on other loans	–	208
Interest expenses on lease liabilities	225	145
	<u>225</u>	<u>353</u>

7. PROFIT BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment		
– cost of sales	1,114	1,038
– administrative and other expenses	1,965	2,159
	<u>3,079</u>	<u>3,197</u>
Total depreciation of property, plant and equipment		
Depreciation of right-of-use assets	2,077	1,041
Directors' emoluments		
– fees	504	504
– salaries and other allowances	1,792	2,032
– retirement benefit scheme contributions	36	36
	<u>2,332</u>	<u>2,572</u>
Staff salaries and other allowances	33,416	32,207
Staff retirement benefits scheme contributions	3,666	3,666
	<u>39,414</u>	<u>38,445</u>
Total staff costs		
Auditor's remuneration	648	620
Cost of inventories recognised as cost of sales	84,972	110,493
Net impairment losses recognised on trade receivables and contract assets	2,024	400
	<u>2,024</u>	<u>400</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The taxation charge comprises:		
Current tax		
Hong Kong Profits Tax		
– Provision for the year	–	554
– Over-provision in respect of prior year	(3)	–
People's Republic of China Enterprise Income Tax ("EIT")		
– Provision for the year	295	–
– Over-provision in respect of prior year	–	(12)
Deferred tax (<i>Note 14</i>)	(84)	443
Income tax expense	<u>208</u>	<u>985</u>

No provision for Hong Kong Profits Tax is provided for the year ended 31 December 2024 as the subsidiaries operating in Hong Kong have no assessable profits (2023: The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5%, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% (2023: No provision for EIT is provided as the subsidiaries did not have assessable profits subject to EIT in Mainland China during the year).

Income tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before taxation	1,865	7,983
Tax charge at Hong Kong Profits tax rate	308	1,152
Tax effect of origination and reversal of temporary differences	(4,916)	2,158
Tax effect of expenses not deductible for tax purpose	2,303	959
Tax effect of income not taxable for tax purpose	(275)	(225)
Tax effect of different tax rates of subsidiaries operating in Mainland China	684	(1,098)
Tax effect of tax losses not recognised	2,114	430
Tax effect of prior years' unrecognised tax loss utilised in the year	(7)	(2,379)
Over-provision for prior years	(3)	(12)
Income tax charge for the year	<u>208</u>	<u>985</u>

As at 31 December 2024, the Group has unused tax losses of approximately HK\$15,553,000 (2023: HK\$8,356,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of relevant future profit streams. Included in unused tax losses are tax losses of HK\$6,650,000 (2023: HK\$8,266,000) that may be carried forward for five years from the year in which the tax losses arose, the remaining unused tax losses may be carried forward indefinitely.

Deferred taxation has not been recognised in respect of the undistributed retained profits earned by the subsidiaries in Mainland China amounting to HK\$8,341,000 for the year ended 31 December 2024 (2023: HK\$8,489,000), as the management of the Group are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed since the end of the year (2023: nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the following:

	2024 HK\$'000	2023 HK\$'000
Earnings for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>1,657</u>	<u>6,998</u>
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,800,000</u>	<u>1,800,000</u>

No diluted earnings per share is presented as there were no potential ordinary shares in issue during both years.

11. CONTRACT ASSETS

Contract assets represent the retention receivables of approximately HK\$24,224,000 (2023: HK\$27,289,000) net of allowance for expected credit losses of approximately HK\$2,061,000 (2023: HK\$623,000). 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 defect liability period serves as an assurance-type warranty that the products transferred by the Company comply with agree – upon specifications and such assurance cannot be purchased separately. The following is an analysis of contract assets at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	18,382	20,676
After one year	5,842	6,613
	<u>24,224</u>	<u>27,289</u>

12. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	43,110	57,281
Less: Allowance for credit losses	(1,458)	(920)
	<u>41,652</u>	<u>56,361</u>
Other receivables, prepayment and deposits	6,992	5,767
	<u>48,644</u>	<u>62,128</u>

Trade receivables

Payment terms with customers are mainly on credit together with deposits received in advance for new customers. The Group allows credit period with a range from 0 to 90 days (2023: 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.

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	12,709	28,278
31 – 60 days	8,362	8,652
61 – 90 days	12,486	3,143
91 – 180 days	4,753	7,308
181 – 365 days	889	3,997
Over 1 year	2,453	4,983
	41,652	56,361

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by management of the Group regularly.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$24,191,000 (2023: HK\$22,267,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$4,511,000 (2023: HK\$11,023,000) has been past due 90 days or more and the Directors of the Company considered there has been no default occurred as these trade receivables are still considered fully recoverable due to long-term/on-going relationship and good repayment record from these customers.

13. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	25,983	19,956
Bill payables	1,652	1,764
	27,635	21,720
Accruals and other payables	6,906	5,418
Other loans	–	2,915
	34,541	30,053

The credit period granted by suppliers to the Group ranged from 0 to 75 days (2023: 0 to 75 days). The following is an aging analysis of trade and bill payables presented based on the invoice dates at the end of each reporting period:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	6,934	4,385
31 – 60 days	8,071	11,862
61 – 90 days	3,300	4,815
Over 90 days	9,330	658
	<u>27,635</u>	<u>21,720</u>

The Group's bill payables are denominated in USD.

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

As at 31 December 2023, the other loans represent an unsecured loan from an independent third party amounted to RMB2,500,000 (equivalent to approximately HK\$2,741,000), which carry interests of 3.88% per annum and repayable within one year after the end of the reporting date.

14. DEFERRED TAX LIABILITIES

	Tax Loss HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 January 2023	567	(567)	–
(Charge) credit to profit or loss	<u>(567)</u>	<u>124</u>	<u>(443)</u>
At 31 December 2023	–	(443)	(443)
Credit to profit or loss	<u>–</u>	<u>84</u>	<u>84</u>
At 31 December 2024	<u><u>–</u></u>	<u><u>(359)</u></u>	<u><u>(359)</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 revenue decreased by approximately 15.6% during the Year 2024. Revenue attributable to sales in Hong Kong, Macau and Mainland China amounted to approximately HK\$133.0 million, approximately HK\$6.3 million and approximately HK\$1.5 million, respectively, for the Year 2024 (Year 2023: approximately HK\$146.2 million, approximately HK\$14.4 million and approximately HK\$6.2 million, respectively).

The Group recorded a net profit for the year of approximately HK\$1.7 million for Year 2024, compared with a net profit of approximately HK\$7.0 million for the Year 2023. The decrease in net profit after tax was mainly attributable to the decrease in sales orders from the customers in low-voltage electrical power distribution and control devices during the Year 2024. The decline in sales orders was largely a result of a slowdown in demand, stemming from reduced construction activity and economic uncertainties affecting the real estate and infrastructure sectors.

MARKET PROSPECT

Amidst the global economic slowdown and widespread inflation, the overall market sentiment has remained weak and competition in the construction industry remains fierce. The short-term for the low-voltage electrical power distribution and control devices industry in Hong Kong, Macau and Mainland China remains uncertain, although we are continuously optimistic for the longer term. The Group still needs to remain proactive and take necessary actions to minimize the impact to the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$26.0 million, or approximately 15.6%, from approximately HK\$166.8 million for the Year 2023 to approximately HK\$140.8 million for the Year 2024.

Cost of sales

The Group's cost of sales amounted to approximately HK\$104.2 million for the Year 2024 representing a decrease of approximately 16.6% from approximately HK\$124.9 million for the Year 2023. Such decrease was mainly due to the enforcement of cost control strategies in the Group throughout the year. Cost of sales mainly comprised costs of raw materials and staff costs, which accounted for approximately 73.1% and 21.9% respectively of the Group's total cost of sales for the Year 2024 (Year 2023: approximately 76.2% and 15.6%, respectively).

Gross profit/Gross profit margin

The Group's gross profit decreased by approximately HK\$5.3 million, or approximately 12.6%, from approximately HK\$41.9 million for the Year 2023 to approximately HK\$36.6 million for the Year 2024. The overall gross profit margin of the Group simultaneously increased from approximately 25.1% for the Year 2023 to approximately 26.0% for the Year 2024. The increase in gross margin was mainly due to the decrease in cost of sales as a series of cost saving measures were implemented during the year.

Other income, gains and losses

The Group's other income, gains and losses decreased by approximately HK\$0.7 million, from approximately HK\$2.7 million net gain for the Year 2023 to approximately HK\$2.0 million net gain for the Year 2024. The amount of other income was mainly attributable to (i) bank interest income of approximately HK\$1.4 million and (ii) exchange gain of approximately HK\$0.3 million.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately HK\$1.0 million, or approximately 17.5%, from approximately HK\$5.7 million for the Year 2023 to approximately HK\$4.7 million for the Year 2024 which was in line with the decrease in sales during the year.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately HK\$1.3 million, or approximately 4.2%, from approximately HK\$30.6 million for the Year 2023 to approximately HK\$31.9 million for the Year 2024.

Finance costs

The Group's finance costs decreased from approximately HK\$0.4 million for the Year 2023 to approximately HK\$0.2 million for the Year 2024. The decrease was primarily attributed to the absence of interest expenses on other loans recorded as the loans were repaid during the year.

Taxation

The Group recorded an income tax expense of approximately HK\$208,000 for the Year 2024 as compared to that of approximately HK\$985,000 for the Year 2023.

Profit for the year attributable to the owners of the Company

As a result of the decrease in revenue, there was a net profit for the year attributable to the owners of the Company of approximately HK\$1.7 million for the Year 2024, as compared with a net profit for the year attributable to the owners of the Company of approximately HK\$7.0 million for the Year 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through cash inflows from operating activities and proceeds received from its listing on the Stock Exchange on 11 May 2018 (the “**Listing**”). There has been no change in the capital structure of the Group since the Listing.

As at 31 December 2024, the Group had total bank balances and cash of approximately HK\$64.2 million (31 December 2023: approximately HK\$53.0 million). The increase was mainly attributed to timely settlement of trade and other receivables.

As at 31 December 2024, the working capital (current assets less current liabilities) and total equity attributable to owners of the Group were approximately HK\$135.5 million (31 December 2023: approximately HK\$138.5 million) and approximately HK\$167.3 million (31 December 2023: approximately HK\$167.9 million) respectively.

Gearing ratio (calculated based on the interest bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period and multiplied by 100%) as at 31 December 2024 was nil (31 December 2023: 1.6%). Such decrease was mainly due to the full repayment of short-term loans during the year.

TRADE AND BILL RECEIVABLES

The Group’s average receivable turnover days for the Year 2024 decreased to approximately 130.1 days as compared to that of approximately 150.9 days for the Year 2023. This is due to the decrease in revenue and smooth settlement of account receivables during the year. No bad debts were recognised during the year and the Group also does not consider there to be default on any of its trade receivables balance as at 31 December 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION OR DISPOSALS

There were no significant investments held, nor any material acquisitions or disposals during the Year 2024.

PLEDGE OF ASSETS

The Group's banking facilities were secured by corporate guarantees provided by the Company for unlimited amount and certain leasehold land and buildings as at 31 December 2024 and 31 December 2023. There was no other pledge of assets as at 31 December 2024 and 31 December 2023.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed elsewhere 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 as at 31 December 2024 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 Year 2024 and the Year 2023.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contracted, but not provided for		
– committed investment in a subsidiary	<u>–</u>	<u>1,000</u>

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.

PRINCIPAL RISK AND UNCERTAINTY

The Group's business operations are conducted in Hong Kong, Macau and Mainland China. Accordingly, the Group's business, financial condition, results of operations and prospects are affected significantly by market risks and general economic, political and legal developments in these jurisdictions.

Furthermore, the projects undertaken by the Group are awarded on a project-by-project basis through tendering and hence are non-recurring in nature. There is no assurance that the Group's customers will continue to make purchases from the Group and failure to maintain the success rate for obtaining new projects could materially affect the Group's financial performance. Other principal risks include fluctuations in purchase prices of the Group's principal raw materials used in production and disruption to the operations of the Group's production facilities, both of which would adversely affect the Group's operations and financial performance.

The Group believes that risk management is the responsibility of everyone within the Group and has implemented a risk management system to mitigate the risks in daily operations. Risk management is led by the Directors at the top, who take both macro and micro economic conditions into account before making business decisions, and also aim to develop risk awareness and control responsibility as the Group's culture and the foundation of the Group's internal controls system.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

Management recognises that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group. The Group maintains long-term relationships with its customers and suppliers, with most of its major customers and suppliers having established more than 10 years of working relationship with the Group, and some beyond 15 years. The Group is generally invited by its customers to submit quotations or tenders for potential projects. The pricing of projects is determined by reference to the estimated costs plus a profit margin, having taken into consideration the relationship with or potential prospect of the customer, project type and size, target completion date and the Group's production schedule and availability of resources. The Group endeavours to maintain its presence and keep abreast of opportunities in the market by continuous communication and working with customers and by responding to all tender invitations. The Group has built up a stable pool of suppliers over its operating history of over 30 years, which allows the Group to effectively maintain the quality of raw materials sourced. The Group assigns a project team to each project to follow the working progress of the project, ongoing communications with the customers as to their requests and to ensure that all safety and other applicable regulatory compliance requirements are met. The Group also maintains a very stable and experienced management team and an amicable long-term relationship with its employees. The Group ensures that all the employees are reasonably remunerated by regular review of their salary package. The Group's experienced management team, coupled with dedicated and skilled employees, are one of its key drives in delivering high quality and reliable products to customers in order to attain high customer satisfaction and maintain its fine reputation in the market.

COMPLIANCE WITH LAWS AND REGULATIONS

The operations of the Group are primarily carried out by the Company's subsidiaries in Hong Kong and Mainland China, while its products are also delivered to Macau. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in each of the above jurisdictions. During the Year 2024 and up to the date of this announcement, the Group had obtained all the registrations and certifications required for its business and operations in Hong Kong and Mainland China, and had complied with all applicable laws and regulations in the above-mentioned jurisdictions in all material respects.

EMPLOYEES AND REMUNERATION POLICY

The Group had 221 full-time employees as at 31 December 2024 (31 December 2023: 229), among which 52 and 169 (31 December 2023: 44 and 185) 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 allowances, and retirement benefit scheme contributions for both Directors and other staff) for the Year 2024 were approximately HK\$39.4 million (Year 2023: approximately HK\$38.4 million). The Group believes that employees are important assets and their contribution and support are valued at all times. The remuneration policy and package of the Group's employees were periodically reviewed in order to attract and retain high caliber and competent staff. Apart from retirement benefit scheme contributions, salary increments and discretionary bonuses are also awarded to employees according to industry benchmark, the assessment of individual performance as well as with reference to the performance of the Group. The remuneration policy in place as at 31 December 2024 was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group. The Company has adopted a share option scheme as an incentive for the Directors and employees.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the “**Shares**”) have been listed on the Stock Exchange since 11 May 2018 (the “**Listing Date**”). Net proceeds from the Listing were approximately HK\$75.0 million (the “**Net Proceeds**”) (after deducting the underwriting commission and other listing expenses in connection to the Listing), which was different from the estimated net proceeds of HK\$89.7 million as disclosed in the Prospectus. The difference of HK\$14.7 million has been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus. According to the announcements of the Company on 16th August 2022 and 28th September 2023 (the “**Announcements**”), the board resolved to change the proposed use of the unutilized net proceeds.

An analysis of the amounts utilized up to 31 December 2024 is set out below:

Description	Net proceeds from Listing (HK\$ million)	Revised allocation of Net Proceeds as disclosed in the Announcement on 16th August 2022 (HK\$ million)	Further change in allocation of Net Proceeds as disclosed in the Announcement on 28th September 2023 (HK\$ million)	Revised allocation of Net Proceeds (HK\$ million)	Utilised Net Proceeds up to 31 December 2023 (HK\$ million)	Utilised Net Proceeds during the year ended 31 December 2024 (HK\$ million)	Unutilized Net Proceeds as at 31 December 2024 (HK\$ million)
(i) Acquisition of a factory in Mainland China ("New Factory")							
– Consideration of the New Factory and the related commission, deed tax, stamp duty and professional fees	37.4	37.4	(34.5)	2.9	2.9	–	–
– Acquisition of machineries and equipment	21.2	3.7	–	3.7	3.7	–	–
(ii) Acquisition of machineries and equipment for the existing factory located in Dongguan ("DG Quanda Factory")	13.3	5.9	–	5.9	4.7	0.4	0.8
(iii) General Working Capital	3.1	15.6	12.5	28.1	23.6	4.5	–
(iv) Maintenance and alteration for the DG Quanda Factory	–	12.4	–	12.4	4.6	2.0	5.8
(v) Extend banking facilities	–	–	12.0	12.0	–	3.3	8.7
(vi) Bulk purchase of pre-paid products from suppliers	–	–	10.0	10.0	1.1	6.3	2.6
Total	<u>75.0</u>	<u>75.0</u>	<u>–</u>	<u>75.0</u>	<u>40.6</u>	<u>16.5</u>	<u>17.9</u>

The unutilized Net Proceeds of approximately HK\$17.9 million as at 31 December 2024 is placed with a licensed bank in Hong Kong and is expected to be applied in accordance with the planned use as previously disclosed by the Company in the Prospectus and the Announcements. After careful consideration, the Company has decided to extend the expected timeline for utilizing the unutilized Net Proceeds in the coming two financial years, to address the need for additional time to finalize strategic procurement plans, optimize cost efficiencies, and align with evolving market conditions.

Save as disclosed above, the Board currently has no intention to change the planned use of the Net Proceeds as disclosed in the Prospectus and the Announcements.

EVENTS AFTER THE REPORTING PERIOD

There have been no other material events occurring after 31 December 2024 and up to the date of this announcement.

SHARE OPTION SCHEME

On 23 April 2018, the Company adopted the share option scheme (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 date and up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Year 2024.

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**”) contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board recognises that transparency and accountability are important to the Company as a listed company. The Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the shareholders of the Company as a whole. The Board has adopted and complied with the code provisions set out in the section headed “Part 1 – mandatory disclosure requirements” and the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Board is of the opinion that the Company has complied with all the code provisions of the CG Code for the Year 2024.

The Board will continue reviewing the Company’s corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation on the Company.

DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the Year 2024, nor has any dividend been proposed since the end of the year (2023: nil).

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 namely Ms. Ng Ching Ying (the chairlady) and Mr. Cheng Sum Hing and one non-executive Director namely Mrs. Kan Wan Wai Yee Mavis. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including review of the Group’s consolidated financial statements for the Year 2024 and this results announcement.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year 2024 included in this preliminary results announcement have been agreed by the Group’s independent auditor, Cheng & Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year 2024. The work performed by Cheng & Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently, no assurance has been expressed by Cheng & Cheng Limited on this preliminary results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual 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 annual report will also be available at the above websites and will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 24 March 2025

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