

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

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

FURTHER CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of REM Group (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 April 2018 (the “**Prospectus**”), which contained the proposed use of net proceeds (the “**Net Proceeds**”) raised from the listing (the “**Listing**”) of shares of the Company on The Stock Exchange of Hong Kong Limited, (ii) the announcement of the Company dated 16 August 2022 in relation to the change in use of proceeds (the “**Announcement**”) and (iii) the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report**”), in which the utilisation of the Net Proceeds up to 31 December 2022 was disclosed. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus, Announcement and the Annual Report.

The board of directors of the Company (the “**Board**”) hereby announces that it has resolved to further change the use of the Net Proceeds.

PREVIOUS CHANGE IN USE OF PROCEEDS

The Net Proceeds received by the Company, after deducting the underwriting commission and other listing expenses in connection to the Listing, were approximately HK\$75 million. As disclosed in the Announcement, the Company resolved to re-allocate part of the unutilised Net Proceeds amounted to HK\$12.5 million for general working capital, HK\$12.4 million for maintenance and alteration work of the building of the DG Quanda Factory. For further details, please refer to the Announcement.

FURTHER CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Company has utilised approximately HK\$30.6 million, accounting for approximately 40.8% of the Net Proceeds. For the reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” below in this announcement, the Board has resolved to further reallocate the Net Proceeds as follows:

Business objectives	Original allocation of Net Proceeds (HK\$ million)	Revised allocation of Net Proceeds as disclosed in the Announcement (HK\$ million)	Proposed further change in allocation of Net Proceeds as disclosed in this announcement (HK\$ million)	Revised allocation of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at this announcement (HK\$ million)	Further revised allocation of Unutilised Net Proceeds (HK\$ million)
(i) Acquisition of the 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 DG Quanda Factory	13.3	5.9	–	5.9	4.7	1.2
(iii) General Working Capital	3.1	15.6	12.5	28.1	15.6	12.5
(iv) Maintenance and alteration for the DG Quanda Factory	–	12.4	–	12.4	3.7	8.7
(v) Extend banking facilities	–	–	12.0	12.0	–	12.0
(vi) Bulk purchase of pre-paid products from suppliers	–	–	10.0	10.0	–	10.0
Total	75.0	75.0	–	75.0	30.6	44.4

The unutilised Net Proceeds are expected to be utilised in the coming twelve months.

Save for the aforesaid changes, there is no other change in use of the Net Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Due to the impact of the COVID-19 pandemic on the global economy and business environment, the Company's planned use of the Net Proceeds has been affected. The Company had originally planned to use the Net Proceeds to purchase a New Factory premises with a minimum construction area of 11,000 square meters for industrial use in Humen Town, Dongguan City, Guangdong Province, the People's Republic of China (the "PRC"). However, the Company was unable to find a suitable factory premises for purchase due to the continuously rising prices of available factory premises in Humen Town. Hence, The Company had leased a temporary factory in Humen Town for a term of 2 years in 2019 to cope with job orders and expand the Group's market share in the PRC. As a result of the COVID-19 pandemic outbreak in early 2020 and the precautionary and quarantine control measures implemented in Hong Kong and the PRC, the Company's management and staff were unable to travel to the PRC to search for a suitable factory premises. Furthermore, the demand of our power distribution and control products was affected by the COVID-19 pandemic outbreak, thus, with the aid of additional machinery and equipment and the implementation of certain optimisation measures in the production process, our existing DG Quanda Factory is able to meet the current demand. As a result, the Company has decided to reallocate the net proceeds of acquisition of the New Factory premises towards supporting the current operations of the Group.

The Group has weighed its costs and benefits and decided to take a prudent approach to reallocate certain portion of the Net Proceeds, to (i) general working capital of HK\$12.5 million thereby improving the Group's liquidity and providing more buffer to cope with the economic uncertainties in the near future, in particular, to cope with expected inflation; (ii) extension of banking facilities of HK\$12 million which will enable the Group to capitalise on advantageous market conditions and make timely purchase when chances occur, for example, if the Group comes across with reasonable material price, it can place an order right away to take advantage of the situation and enhance cost control; and (iii) bulk purchase of pre-paid products from suppliers of HK\$10 million which will allow the Group to negotiate greater discounts through bulk purchasing and hence lower the Group's cost of sales and improve price competitiveness. The Board considers that the proposed further reallocation of Net Proceeds is conducive to the business operation of the Group.

The Board is of the view that the re-allocation of the unutilised Net Proceeds will provide more flexibility for the Group to manage its asset and liability and is favourable to the Group's long term business development as well as a better utilisation of the unutilised Net Proceeds.

The Board confirms that there is no material change in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

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

Hong Kong, 28 September 2023

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.