

REM GROUP (HOLDINGS) LTD:
THIS COMPANY IS SOLID, BUT IT IS NOT
CONSIDERED VERY SEXY BY PUBLIC INVESTORS

Since the shares of REM Group (Holdings) Ltd ([]) (Code: 1750, Main Board, The Stock Exchange of Hongkong Ltd) started trading on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), its share price has been holding rather steady – at 30 cents.

Which, by the way, was the lowest level of the Indicative Offer Price Per Share Range, acceptable to Management at the time that the Company published and disseminated its Share Offer Prospectus in April, this year.

This static share price of this Company might be considered a little odd, actually, because if one deducted all the costs, associated with putting together this Company's Initial Public Offering (IPO), costs that were required in order to obtain a listing on the premier equity market of the HKSAR, one might be tempted to congratulate Management's performance over the past three Financial Years – at least.

But there is that trite adage of stock brokers that states that a company's share price that cannot rise, must, sooner rather than later, fall.

The IPO Of REM Group (Holdings) Ltd

REM Group (Holdings) Ltd published and disseminated its Share Offer Prospectus on April 27, 2018.

In that document, it was stated that the Company was Offering a total of 450 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 30 cents to a high of 38 cents.

Investors of the HKSAR were Offered 45 million Shares and 405 million Shares were reserved for Institutional Investors by way of select Share Placements.

Of the 405 million Placing Shares on Offer, 315 million Shares were New Company Shares and 90 million Shares were dubbed ‘Sale Shares’.

The Sale Shares were those that were owned by a discretionary trust – the WAN Union Trust – having been established by Messrs Wan Man Keung (), Wun Chi Wai () and the late Wun Chi Keung (), as Settlers.

This trust was established for the benefit of the Settlers and their immediate family members, only.

On May 10, 2018, Management of REM Group announced that the Offer Price had been struck at 30 cents and that the Net Proceeds from the IPO were expected to enrich the Company’s coffers by about \$HK75 million.

At Page Eight of the public announcement in respect of the Offer Price and the Allotment Results, one was informed as to how the net proceeds would be allocated:

1. Approximately, \$HK58.60 million, that is about 78.20 percent, ‘to acquire a factory in the Guangdong Province, the PRC, which comprises of:
 - § Approximately, \$HK32.20 million as our payment of the consideration for the New Factory;
 - § Approximately, \$HK21.20 million for the acquisition of machines and equipment for the New Factory which include one punching and shearing machine, one laser punching machine, two steel bending machines, one automatic powder coating production line, six automatic welding machines, two copper bar punching machines and two copper bar bending machines;
 - § Approximately, \$HK1.30 million as commission, deed tax, stamp duty and professional fees payable in relation to the acquisition;
 - § Approximately, \$HK0.4 million as the logistic expenses for the relocation of our GZ Quanda Factory to the New Factory; and,
 - § Approximately, \$HK3.50 million as the capital expenditure for refurbishing the New Factory’;

2. Approximately, \$HK13.30 million, that is about 17.70 percent, *‘to acquire and replace our machines and equipment in our DG Quanda Factory. In particular, we plan to purchase one punching and shearing machine and one automatic powder coating production line (which will replace our current one punching machine and one dusting machine, respectively, all of which aged more than five years), and one steel bending machine, six automatic welding machines, one copper bar punching machine and one copper bar bending machine (all of which will be our additional machines’; and,*
3. Approximately, \$HK3.10 million, that is about 4.10 percent, *‘for general working capital of the Group.’*

The Business Of REM Group (Holdings) Ltd

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