

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.



LOCO HONG KONG HOLDINGS LIMITED

港銀控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8162)

**VOLUNTARY ANNOUNCEMENT
IN RELATION TO INCREASE OF REGISTERED CAPITAL OF
SICHUAN LOCO YAHUI EDUCATION MANAGEMENT LIMITED***

CAPITAL INJECTION

The Board is pleased to announce that on 20 August 2019 (after trading hours of the Stock Exchange), the board of directors of Loco Yahui passed a resolution in relation to the Capital Injection, pursuant to which Gold Prosperous will inject a total of RMB4,550,000 (equivalent to approximately HK\$5,110,560) and Chengdu Yahui will inject a total of RMB450,000 (equivalent to approximately HK\$505,440), respectively, on a pro rata basis, being the increase of registered capital of Loco Yahui.

After the Capital Injection, the total registered capital of Loco Yahui will be increased from RMB5,000,000 (equivalent to approximately HK\$5,616,000) to RMB10,000,000 (equivalent to approximately HK\$11,232,000). The shareholdings of Gold Prosperous and Chengdu Yahui in Loco Yahui will remain unchanged. The capital commitment of Gold Prosperous under the Capital Injection will be financed by internal resources of Gold Prosperous.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio for the transactions contemplated under the Capital Injection is below 5%, the Capital Injection does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules and this announcement is made by the Company on a voluntary basis.

CAPITAL INJECTION

Date

20 August 2019 (after trading hours of the Stock Exchange)

Parties

- (i) Gold Prosperous; and
- (ii) Chengdu Yahui.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of Chengdu Yahui and its ultimate beneficial owners is an Independent Third Party.

Registered capital and Shareholding in Loco Yahui

Pursuant to the resolution in relation to the Capital Injection passed by the board of directors of Loco Yahui on 20 August 2019, Gold Prosperous will invest a total of RMB4,550,000 (equivalent to approximately HK\$5,110,560) and Chengdu Yahui will invest a total of RMB450,000 (equivalent to approximately HK\$505,440), respectively, on a pro rata basis, being the increase of registered capital of Loco Yahui.

After the Capital Injection, the total registered capital of Loco Yahui will be increased from RMB5,000,000 (equivalent to approximately HK\$5,616,000) to RMB10,000,000 (equivalent to approximately HK\$11,232,000). The shareholdings of Gold Prosperous and Chengdu Yahui in Loco Yahui will remain unchanged.

The amount of capital contribution under the Capital Injection was determined after arm's length negotiation among the parties thereto with reference to the capital requirement of Loco Yahui after entering into the School Management Service Cooperation Agreements, details of which are disclosed in the paragraph headed "Reasons for and Benefits of Capital Injection" below.

The capital commitment of Gold Prosperous under the Capital Injection will be financed by internal resources of Gold Prosperous. The capital commitment of Gold Prosperous under the Capital Injection will be settled in accordance with the relevant PRC laws and regulations.

INFORMATION OF LOCO YAHUI

Loco Yahui is a limited liability company established in the PRC and is principally engaged in the education management. By entering into the School Management Service Cooperation Agreements, details of which are disclosed in the paragraph headed “Reasons for and Benefits of Capital Injection” below, Loco Yahui will be able to engage in education management services.

Loco Yahui was established in the PRC on 26 February 2019. The unaudited management account of Loco Yahui shows that it recorded loss of approximately RMB8,000 since its establishment up to 30 June 2019 and its net assets were approximately RMB5,000,000 as at 30 June 2019.

INFORMATION OF GOLD PROSPEROUS AND CHENGDU YAHUI

Gold Prosperous is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding. Gold Prosperous owns 91% registered capital of Loco Yahui and is an indirect subsidiary of the Company.

Chengdu Yahui is a limited liability company established in the PRC and is principally engaged in the education consulting services. Chengdu Yahui owns 9% registered capital of Loco Yahui. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of Chengdu Yahui and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF CAPITAL INJECTION

As at the date of this announcement, the main business of the Company is silver and metal trading. With the recent joining of Mr. Fung Chi Kin as an executive Director, who is also the Honorary Permanent President of The Chinese Gold & Silver Exchange Society and has extensive experience in banking and finance, the Group will continue to develop and expand its existing silver and metal trading business going forward. Furthermore, from the investment allocation and risk control perspectives, the Company would like to consider investing and seeking cooperation opportunities in some other areas with potential and long-term development. The Board, to its best knowledge, is optimistic about the future development and prospect of education management services in the PRC.

On 7 January 2019, the Company and Mr. Hon entered into a share transfer agreement in relation to the sale and purchase of 43% equity interests in True Time (the “**Share Transfer Agreement**”), pursuant to which the Company agreed to sell 43% equity interests in True Time and Mr. Hon agreed to purchase 43% equity interests in True Time in consideration of Mr. Hon’s successful procurement of school(s) to be managed by the Company (or any of its designated subsidiaries) provided that the expected revenue from such management service generates a revenue of at least RMB5,000,000 in aggregate by the end of 2019. The Share Transfer Agreement and the transactions contemplated thereunder have been confirmed, approved and ratified by the Board. The transfer of 43% equity interests in True Time contemplated under the Share Transfer Agreement has been completed. Upon completion of such share transfer in accordance with the terms of the Share Transfer Agreement, the Company holds 57% equity interests in True Time, which in turn holds 100% equity interests in Gold Prosperous, which in turn owns 91% registered capital of Loco Yahui.

Subsequently, based on Mr. Hon’s effort and contribution, Loco Yahui was established in the PRC on 26 February 2019 with a view to providing education management services in the PRC. Loco Yahui is 91% owned by Gold Prosperous and 9% owned by Chengdu Yahui. On 28 February 2019, Loco Yahui entered into school management service cooperation agreements with Chengdu Yahui and Chengdu Yayunda (the “**School Management Service Cooperation Agreements**”), respectively, pursuant to which Loco Yahui shall be responsible for providing exclusive management and consulting services (including amongst others student recruitment services, management support services and staff training services), equipment and exclusive technology support services and financing supporting services (the “**School Management Services**”) to various schools controlled and/or operated by Chengdu Yahui and Chengdu Yayunda, respectively, for a period of 20 years starting from signing date of the School Management Service Cooperation Agreements, and Chengdu Yahui and Chengdu Yayunda shall be responsible for procurement of the payment of an annual service fee equivalent to 30% of the total annual revenue to be paid by those schools which received the School Management Services provided by Loco Yahui.

The Board is of the view that the Capital Injection could help Loco Yahui meet the capital and operational requirements for providing the education management services contemplated under the School Management Service Cooperation Agreements and it could in turn allow the Group to achieve good returns from the growing business in the future.

Taking into consideration of the aforesaid, the Directors consider that the terms of the Capital Injection are fair and reasonable and in the interests of the Company and the Shareholders as a whole and have been negotiated on an arm's length basis and on normal commercial terms.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio for the transactions contemplated under the Capital Injection is below 5%, the Capital Injection does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules and this announcement is made by the Company on a voluntary basis.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“Capital Injection”	capital injection by the Company of RMB4,550,000 (equivalent to approximately HK\$5,110,560) and by Chengdu Yahui of RMB450,000 (equivalent to HK\$505,440), respectively, in the registered capital of Loco Yahui
“Chengdu Yahui”	成都市雅滙教育諮詢有限責任公司 (Chengdu Yahui Education Consulting Company Limited*), a limited liability company established in the PRC, an Independent Third Party
“Chengdu Yayunda”	成都雅雲達教育管理有限公司 (Chengdu Yayunda Education Management Limited*), a company established in the PRC with limited liability, an Independent Third Party

“Company”	Loco Hong Kong Holdings Limited 港銀控股有限公司, a company incorporated in Hong Kong with limited liability, whose shares are listed on the GEM board of the Stock Exchange
“Director(s)”	The directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Gold Prosperous”	Gold Prosperous City Limited 鑫城興有限公司, a company incorporated in Hong Kong with limited liability, an indirect subsidiary of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)
“Loco Yahui”	四川港銀雅滙教育管理有限公司 (Sichuan Loco Yahui Education Management Limited*), a limited liability company established in the PRC and an indirect subsidiary of the Company
“Mr. Hon”	Mr. Hon Hang 韓珩, a Hong Kong permanent resident
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong and Macau Special Administrative Region
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the shares of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“True Time”

True Time International Investments Limited, a company incorporated in the British Virgin Islands, a direct subsidiary of the Company

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.1232. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By Order of the Board
Loco Hong Kong Holdings Limited
Wang Wendong
Chairman and Chief Executive Officer

Hong Kong, 21 August 2019

As at the date of this announcement, the executive Directors are Mr. Wang Wendong and Mr. Fung Chi Kin; and the independent non-executive Directors are Mr. Lau Yuen Sun Adrian, Ms. Wong Susan Chui San, Mr. Zhou Tianshu and Ms. Wu Liyan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and will be available on the Company’s website at <http://www.locohkholdings.com/>.

* *For identifications only*