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Loco Hong Kong Holdings Limited

港銀控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8162)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Loco Hong Kong Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 shall remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its publication and will be available on the Company’s website at www.locohkholdings.com.

The Board of Directors (the “**Board**”) of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with comparative figures for the previous year.

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			
– Sales of metal		15,114,153	10,706,777
– Education management services		33,733	33,705
Total revenue	3	15,147,886	10,740,482
Other income and losses		(715)	41
		15,147,171	10,740,523
Carrying value of inventories sold		(15,065,173)	(10,686,681)
Change in fair value of commodity inventories		30	–
Depreciation on property, plant and equipment		(1,527)	(648)
Depreciation on right-of-use assets		(3,132)	(2,877)
Gain on disposal of a subsidiary		–	1,566
Loss on derecognition of a subsidiary		(3)	–
Loss on disposal of property, plant and equipment		(45)	–
Employee costs		(11,090)	(10,749)
Fair value changes on other financial asset		–	20
Other operating expenses		(14,276)	(10,451)
Provision of loss allowance on trade and other receivables		(2,248)	(322)
Rental expenses		(1,426)	(1,362)
Share of loss of an associate		–	(1,552)
Finance costs	4	(801)	(1,050)
Profit before income tax expense	5	47,480	26,417
Income tax expense	6	(15,335)	(9,042)
Profit for the year		32,145	17,375

		2024	2023
	Notes	HK\$'000	HK\$'000
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Reclassification of cumulative translation reserve up on derecognition of a subsidiary		3	–
Exchange differences on translating foreign operations		(1,737)	(687)
Other comprehensive loss for the year, net of tax		(1,734)	(687)
Total comprehensive income for the year		30,411	16,688
Profit for the year attributable to:			
– Owners of the Company	7	32,145	17,375
– Non-controlling interests		–	–
		32,145	17,375
Total comprehensive income for the year attributable to:			
– Owners of the Company		30,411	16,688
– Non-controlling interests		–	–
		30,411	16,688
		HK cents	HK cents
Earnings per share attributable to owners of the Company during the year (basic and diluted)	7	3.88	2.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		3,441	5,184
Right-of-use assets		4,421	6,332
Interest in an associate		—	—
		<u>7,862</u>	<u>11,516</u>
Current assets			
Inventories		291	261
Trade and other receivables and prepayments	8	937,010	359,871
Cash and cash equivalents		21,263	16,329
		<u>958,564</u>	<u>376,461</u>
Current liabilities			
Trade and other payables and accruals	9	823,602	314,695
Borrowings		26,052	23,130
Contract liabilities		28,249	—
Tax payable		11,201	3,259
Lease liabilities		2,306	2,703
		<u>891,410</u>	<u>343,787</u>
Net current assets		<u>67,154</u>	<u>32,674</u>
Total assets less current liabilities		<u>75,016</u>	<u>44,190</u>
Non-current liabilities			
Deferred tax liabilities		2,067	1,116
Lease liabilities		2,574	3,072
		<u>4,641</u>	<u>4,188</u>
Net assets		<u><u>70,375</u></u>	<u><u>40,002</u></u>
Equity			
Share capital		188,348	188,348
Reserves		(117,973)	(148,384)
Equity attributable to the owners of the Company		<u>70,375</u>	<u>39,964</u>
Non-controlling interests		—	38
Total equity		<u><u>70,375</u></u>	<u><u>40,002</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Loco Hong Kong Holdings Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 5 August 2014. The addresses of the registered office and principal place of business are Unit 401, 4/F., Fairmont House, 8 Cotton Tree Drive, Admiralty, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in metal business, education management services business and money lending services business.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 28 March 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap.622 (“**CO**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost basis except for certain inventories and financial instruments that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “*Share-based Payment*” (“**HKFRS 2**”), leasing transactions that are accounted for in accordance with HKFRS 16 “*Leases*” (“**HKFRS 16**”), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 “*Inventories*” or value in use in HKAS 36 “*Impairment of Assets*”.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group.

2.2 Changes in accounting policies

(i) *Application of new and amended standards adopted by the Group*

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 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

Except as described below, the application of the new and 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.

*Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “**2020 Amendments**”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “**2022 Amendments**”)*

The Groups have applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group have applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company, who are the chief operating decision-makers that are used to make strategic decision. The Group manages its business by divisions, which are organized by business lines.

The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable and operating segments:

- (i) Trading of metal – Sales of metal.
- (ii) Money lending services – Provision of money lending services.
- (iii) Education management services – Provision of education management services.

(a) Segment results, assets and liabilities

The segment information provided to the directors of the Company for the reportable segments for the years ended 31 December 2023 and 2024 are as follows:

	For the year ended 31 December 2024			
	Trading of metal HK\$'000	Money lending services HK\$'000	Education management services HK\$'000	Total HK\$'000
Reportable segment revenue (Note)	<u>15,114,153</u>	<u>–</u>	<u>33,733</u>	<u>15,147,886</u>
Reportable segment profit/(loss)	<u>41,603</u>	<u>(148)</u>	<u>25,699</u>	<u>67,154</u>
Depreciation of property, plant and equipment				(7)
Depreciation of right-of-use assets				(1,194)
Employee costs				(7,464)
Interest expenses				(321)
Other unallocated corporate expenses				<u>(10,688)</u>
Profit before income tax expense				47,480
Income tax expense				<u>(15,335)</u>
Profit for the year				<u>32,145</u>
Reportable segment assets	<u>886,668</u>	<u>187</u>	<u>70,153</u>	<u>957,008</u>

For the year ended 31 December 2024

	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Education management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cash and cash equivalents				2,696
Property, plant and equipment				1
Right-of-use assets				1,906
Other unallocated corporate assets				4,815
Consolidated total assets				966,426
Additions to specified non-current assets	-	-	-	-
Reportable segment liabilities	870,609	191	7,316	878,116
Lease liabilities				1,934
Other unallocated corporate liabilities				16,001
Consolidated total liabilities				896,051

Note: There is no inter-segment revenue for the year.

For the year ended 31 December 2023				
	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Education management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue (Note)	10,706,777	–	33,705	10,740,482
Reportable segment profit/(loss)	16,769	(151)	27,035	43,653
Depreciation of property, plant and equipment				(10)
Depreciation of right-of-use assets				(1,182)
Employee costs				(7,226)
Interest expenses				(487)
Other unallocated corporate expenses				(8,331)
Profit before income tax expense				26,417
Income tax expense				(9,042)
Profit for the year				17,375
Reportable segment assets	329,916	67	52,600	382,583
Cash and cash equivalents				2,916
Property, plant and equipment				8
Right-of-use assets				798
Other unallocated corporate assets				1,672
Consolidated total assets				387,977
Additions to specified non-current assets	2,990	–	4,608	7,598
Reportable segment liabilities	325,662	68	6,461	332,191
Lease liabilities				817
Other unallocated corporate liabilities				14,967
Consolidated total liabilities				347,975

Note: There is no inter-segment revenue for the year.

(b) Other segment information

For the year ended 31 December 2024				
	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Education management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(7)	–	(1,513)	(1,520)
Depreciation of right-of-use assets	(987)	(132)	(819)	(1,938)
Provision of loss allowance on trade and other receivables	(1,116)	–	(1,132)	(2,248)
Interest expenses	(322)	(3)	(155)	(480)
Loss on disposal of property, plant and equipment	<u>(33)</u>	<u>–</u>	<u>(12)</u>	<u>(45)</u>

For the year ended 31 December 2023				
	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Education management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(129)	–	(509)	(638)
Depreciation of right-of-use assets	(736)	(123)	(836)	(1,695)
(Provision)/reversal of provision of loss allowance on trade and other receivables	(554)	–	232	(322)
Interest expenses	(357)	(3)	(203)	(563)
Share of loss of an associate	(1,552)	–	–	(1,552)
Fair value changes on other financial asset	<u>20</u>	<u>–</u>	<u>–</u>	<u>20</u>

(c) **Geographical information**

The Company is an investment holding company incorporated in Hong Kong and the principal place of the Group's operations is Hong Kong, Singapore and the PRC Mainland. Accordingly, the management determines that the Group is domiciled in Hong Kong.

The Group's revenue from customers and information about its specified non-current assets, comprising property, plant and equipment and right-of-use assets, by geographical location are detailed below:

	Revenue from customers*	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	2,430,925	1,439,823
PRC Mainland	48,476	65,429
Singapore	12,478,052	9,235,230
Other	190,433	—
	15,147,886	10,740,482

* *Based on location of customers.*

	Specified non-current assets	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	2,218	1,498
PRC Mainland	5,644	8,244
Singapore	—	1,774
	7,862	11,516

(d) **Disaggregation of revenue**

	2024 HK\$'000	2023 HK\$'000
Trading of metal	15,114,153	10,706,777
Education management services	33,733	33,705
Money lending services	—	—
	<u>15,147,886</u>	<u>10,740,482</u>

(e) **Disaggregation of revenue from contracts with customers**

	2024 HK\$'000	2023 HK\$'000
By timing of revenue recognition:		
Control transferred over time	33,733	33,705
Control transferred at a point in time	<u>15,114,153</u>	<u>10,706,777</u>
	<u>15,147,886</u>	<u>10,740,482</u>

(f) **Information about major customers**

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue and is reported under the segment of trading of metal and education management services, are set out below:

	2024 HK\$'000	2023 HK\$'000
Customer A ⁱ	7,731,845	5,879,407
Customer B ⁱ	2,516,854	3,069,445
Customer C ⁱ	<u>N/A</u>	<u>1,336,425</u>

ⁱ *Revenue from trading of metal*

N/A: Not applicable as the revenue generated by the customer is less than 10% of the Group's revenue.

4. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on borrowings	574	766
Interest on lease liabilities	227	284
	<u>801</u>	<u>1,050</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
Auditors' remuneration	880	800
Exchange losses – net	879	136
Lease payments not included in the measurement of lease liabilities	1,426	1,362

6. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Charge for the year	14,384	8,120
Deferred tax:		
Charge for the year	951	922
Income tax expense	<u>15,335</u>	<u>9,042</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the BVI.

Hong Kong Profits tax rate is 16.5% for the year ended 31 December 2024 (2023: 16.5%) on the estimated assessable profits arising in Hong Kong except for the first HK\$2 million of qualified group entity's assessable profit is calculated at 8.25% which is in accordance with the two-tiered profit tax rates regime.

Under the law of the PRC Mainland on Enterprise Income Tax (the “**EIT Law**”) and Interpretation Regulation of the EIT Laws, the tax rate of the PRC Mainland subsidiaries is 25% for the year ended 31 December 2024 (2023: 25%).

7. EARNINGS PER SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit		
Profit attributable to owners of the Company	<u>32,145</u>	<u>17,375</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	<u>829,404</u>	<u>829,404</u>

For the year ended 31 December 2023 and 2024, the computation of diluted earning per share does not assume the exercise of the Company's outstanding share options since their exercise price is higher than the average market price of the Company's share for the year. Accordingly, the basic and diluted earning per share are the same.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Trade receivables	870,715	332,910
Less: provision for loss allowance	<u>(2,607)</u>	<u>(679)</u>
Trade receivables – net (<i>Note</i>)	868,108	332,231
Other receivables and deposits	27,236	26,408
Less: provision for loss allowance	<u>(201)</u>	<u>(208)</u>
Other receivables and deposits – net	27,035	26,200
Prepayments	<u>41,867</u>	<u>1,440</u>
	<u>937,010</u>	<u>359,871</u>

Note:

Trade receivables

The credit period granted to customers are 1 month – 3 months generally.

The aging analysis of the trade receivables based on the date of demand note is as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	859,777	61,120
31 – 90 days	7,082	222,751
91 – 180 days	1,249	47,414
Over 180 days	<u>–</u>	<u>946</u>
	<u>868,108</u>	<u>332,231</u>

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	818,541	311,933
Other payables and accruals	<u>5,061</u>	<u>2,762</u>
	<u>823,602</u>	<u>314,695</u>

The followings is an aging analysis of trade payable presented based on the date of demand note:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 60 days	818,541	223,843
61 – 90 days	–	1,951
Over 90 days	<u>–</u>	<u>86,139</u>
	<u>818,541</u>	<u>311,933</u>

The credit period on purchases of goods is ranging from 1 month to 3 months generally.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2024 (“**FY2024**” or “**Current Year**”), the Group’s principal activities were broadly divided into metal business, education management services business and money lending services business.

In the face of the complex and challenging external environment in 2024, the Group adhered to the strategy of “pursuing progress while maintaining stability”, continued to optimize its business structure, focused on our core business – metals business, deepened market development for domestic and overseas customers. With the accumulated results of its business objectives of leveraging economies of scale, controlling costs and increasing efficiencies, and strengthening internal controls, the Group’s overall operations continued to maintain a steady development trend, with the revenue scale and profitability significantly improving.

During the Current Year, the Group achieved a revenue of approximately HK\$15,147.9 million, representing an increase of 41% (or approximately 1.41 times) as compared to approximately HK\$10,740.5 million for the year ended 31 December 2023 (“**FY2023**”), with the scale of business surpassing HK\$10 billion for two consecutive years, and a net profit of approximately HK\$32.1 million, representing an increase of approximately 85%. The significant growth in revenue scale and profitability is attributable to the Group’s long-term efforts in adhering to its strategic positioning, seizing market opportunities and continuously strengthening its internal control system in a challenging environment over the past years.

I. Metal business

The Group has been deeply engaged in metal business since 2010 and it has now become its core business that encompasses the bulk metal commodities trading and consumer metal parts. The Group has established a diversified network of customers and suppliers through solid co-operation with a number of large-scale state-owned enterprises, large scale key comprehensive enterprises in the PRC Mainland and international corporations, covering markets in PRC Mainland, Hong Kong and Singapore.

In FY2024, the Group's metals business segment achieved revenue of approximately HK\$15,114.2 million, representing an increase of 41% as compared to approximately HK\$10,706.8 million in 2023. Net profit increased significantly by 148% year-on-year to HK\$41.6 million, with revenue surpassing HK\$10 billion for two consecutive years. This significant growth in the metals business was mainly attributable to the sustained upward trend in the Group's metals operations amid a structural recovery in global trade, as well as the long-term strategic industrial positioning and continuous efforts to expand its product portfolio and customer base both domestically and internationally. The number of customers in the metals business had grown from 9 at the end of 2023 to 16 at the end of 2024, injecting fresh momentum into sustainable growth. During the Current Year, the Group continued to strengthen its internal control management system in tandem with the increasing scale of operation of the metals business.

I. Main products

The scope of the Group's metal business is bulk trading of metal commodities, and the main products include standard metals such as copper, aluminum, nickel and consumer metal parts, and bulk commodities such as copper concentrates, iron ore and ferronickel.

II. Market prospects, development plans and strategies

China's macro-economy continues to recover, with domestic infrastructure investment and manufacturing upgrades providing long-term support for demand for the metals business. The core customers of the Group's metals business cover large-scale state-owned enterprises and large scale key comprehensive enterprises in the PRC Mainland, which are expected to continue benefiting from the domestic economic growth.

Currently, the global economic recovery is uneven, inflation and interest rate volatility have increased, and international commodity prices remain uncertain. The Group effectively balances the risk of market volatility by focusing on the metal and metal commodity trading business, which has relatively transparent prices in the international and domestic markets and relatively controllable risks.

The Group's customers are mainly large-scale state-owned enterprises and large scale key comprehensive enterprises, and such customers have good reputation and continuous and stable procurement demand. The Group will further expand its collaboration with these large-scale state-owned enterprises and large scale key comprehensive enterprises, pay close attention to market trends and customer demands, and adhere to its strategy of “pursuing progress while maintaining stability” in order to further strengthen our core business – metal business.

II. Education management services business

As of 31 December 2024, our wholly-owned subsidiary, Sichuan Loco Yahui Education Management Limited* (四川港銀雅滙教育管理有限公司)(“**Loco Yahui**”), was principally engaged in the provision of education management services to different education institutions in the PRC Mainland.

The business has performed well since its launch in 2019 and maintained steady. The Group focuses on the fields of art and physical education, humanities education and well-rounded education encouraged by the national education policy. Currently, the Group has several contractual customers, mainly including arts and physical education and training institutions, kindergartens, humanistic well-rounded natural experience education bases, education teaching materials and book publishers, etc. The education management services business has now achieved a healthy and stable momentum.

For the year ended 31 December 2024, the Group's education management services business recorded a revenue of approximately HK\$33.7 million. This is comparable to the revenue of approximately HK\$33.7 million recorded by the education management services business for the same period last year. The education management services business will continue to maintain healthy and stable.

I. Main Customers

The education management services business mainly involves provision of relevant educational management services to 9 educational institutions in Chengdu, the PRC Mainland (covering four types of customers, including 4 arts and physical education and training institutions, 2 kindergartens, 2 humanistic well-rounded natural experience education provider and 1 educational textbook and book distributor).

During the Current Year, the Group continuously strived to help its customers to comprehensively enhance their overall soft power through the provision of the above education management services, so as to expand their student population and utilization rate.

II. Market prospects, development plans and strategies

The principal market of the Group's education management services business is located in Chengdu, Sichuan Province. As the capital city of a province with a population of more than 20 million, Chengdu offers greater potential in the education market. According to the statistics released by the Chengdu Municipal Education Bureau, as of 31 December 2023, there were a total of 463 middle schools, 647 primary schools and 2,840 kindergartens in Chengdu, with the number of students receiving education at all levels were approximately 489,400 in middle schools, 1,271,000 in primary schools, and 616,800 in kindergartens.

Although the Group's education management services business is facing the difficulties of uncertainties arising from the continuous changes and reforms in the national education policy, it has been providing education management services to 9 education-related organisations' clients by striving to keep up with the policy adjustments, optimising its service contents and proactively laying out its operations in response to the continuous changes in the national education policy reforms. The Group's education management services business will endeavour to maintain a healthy and stable.

III. Money lending services business

As of 31 December 2024, the Group considers that the credit risk in money lending services remains high amidst the current heightened uncertainties in the global economic and social development. Due to the uncertain economic situation and business outlook, the Group strictly adheres to a prudent credit assessment strategy and assesses the creditworthiness of existing and potential clients in a timely manner based on the prevailing market conditions and the respective background of the clients. As the prevailing uncertain economic conditions would affect asset valuation projections, business forecasts and individual repayment capacity projections, the Group continued to adopt further enhanced risk control measures and prudent evaluation and lending policies in selecting qualified credit applicants for potential business opportunities. However, the Group will conduct related business accordingly when the time comes. Therefore, no revenue was recorded in this business segment during the Current Year (the twelve months ended 31 December 2023: Nil).

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group had a total revenue of approximately HK\$15,147.9 million (2023: approximately HK\$10,740.5 million), representing an increase of approximately 41% as compared with 2023. The Group recorded profit of approximately HK\$32.1 million (2023: profit of approximately HK\$17.4 million) for the year ended 31 December 2024, representing an increase of approximately 85% as compared to 2023. The increase in profit was mainly attributable to net effect of:

- (a) an increase in the Group's total revenue of approximately HK\$4,407.4 million as discussed in above;
- (b) the carrying value of inventories sold was recognized approximately HK\$15,065.2 million (2023: approximately HK\$10,686.7 million);

- (c) an increase in provision of loss allowance on trade and other receivables of approximately HK\$1.9 million;
- (d) an increase in other operating expenses of approximately HK\$3.8 million; and
- (e) an increase in income tax expense of approximately HK\$6.3 million.

For the year ended 31 December 2024, the Group's profit attributable to owners of the Company was approximately HK\$32.1 million, as compared to the profit attributable to owners of the Company of approximately HK\$17.4 million for 2023.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had cash and bank balances of approximately HK\$21.3 million (2023: approximately HK\$16.3 million) and net current assets of approximately HK\$67.2 million (2023: approximately HK\$32.7 million). As at 31 December 2024, the current ratio stood at 1.08 times (2023: 1.10 times).

The Group generally finances its operations primarily with internally generated cash and borrowings. The increase in cash and bank balances of approximately HK\$5.0 million is mainly attributable to the profit for the year, the net proceeds from borrowing and the increase in the trade and other payable, netting off by the increase in the trade and other receivables.

As at 31 December 2024, the Group had outstanding borrowings of approximately HK\$26.1 million (2023: approximately HK\$23.1 million). The borrowings represent loans denominated in HK\$, RMB and USD from shareholders bearing interest at 0%-2.5% per annum which are unsecured and are repayable within one year.

As at 31 December 2024, no banking facilities were granted to the Group (2023: Nil). The Directors believed that the Group has adequate and sound financial resources to fulfill its commitments and working capital requirements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed herein, there was no other significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 December 2024. There was no other plan for material investments or capital assets as at 31 December 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 24 staff (2023: 23 staff). The total employee costs, including remuneration of the Directors, for the year ended 31 December 2024 amounted to approximately HK\$11.1 million (2023: approximately HK\$10.7 million).

The remuneration policy and package of the Group's employees are periodically reviewed. In addition to salaries, the Group provides staff benefits including medical and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending on the financial performance of the Group.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2024, no Group's asset was pledged as security (2023: Nil).

GEARING RATIO

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

As at 31 December 2024, the gearing ratio was 12.1% (2023: 23.9%).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities, guarantees or any litigation or claims of material importance pending or threatened against any member of the Group (2023: Nil) and there has not been any material change in the contingent liabilities of the Group since 31 December 2024.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN EXCHANGE EXPOSURE

Certain of the Group's subsidiaries primarily operate in Hong Kong and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD") and the Renminbi ("RMB"). Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's Hong Kong subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas. Considering that the Hong Kong dollar is pegged with the USD, the management is of the opinion that the currency exposure arising from USD transactions is not significant to the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As at 31 December 2024, the Group did not have any significant capital commitment and capital expenditure (2023: Nil).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 3 January 2025, the Company entered into the Placing Agreement with Caitong International Securities Company Limited, as placing agent of the Company, pursuant to which the Placing Agent has agreed to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 165,880,800 Placing Shares at a Placing Price of HK\$0.48 per Placing Share. The Placing was completed on 24 January 2025. The Company has raised net proceeds of approximately HK\$78,872,800 from the Placing of 165,880,800 shares. For details, please refer to the announcement of the Company dated 3 January 2025, 8 January 2025 and 24 January 2025.

Save as disclosed above, as of the date of this announcement, the Group had no significant events after the reporting period of the Group.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey 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 Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the year ended 31 December 2023 included in this preliminary announcement of annual results for the year ended 31 December 2024 do not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2023. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

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

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2024, to the best knowledge of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions carried out by Directors, that is not laxer than relevant standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all Directors, they confirmed they have complied with the standards of dealings and the code of conduct regarding securities transactions carried out by Directors, adopted by the Company throughout the year ended 31 December 2024.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company established the audit committee (the “**Audit Committee**”) on 22 July 2014 with written terms of reference that was amended and adopted with effect from 2 January 2019 in compliance with the Code Provision D.3.3. The duties of the Audit Committee include reviewing, in draft form, the Company’s annual report and accounts, half-yearly report and quarterly report and providing advice and comments to the Board. In this regard, members of the Audit Committee will liaise with the Board, the Company’s senior management and the auditors. The Audit Committee will also consider any significant or usual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by the Company’s accounting staff, compliance officers or auditors. Members of the Audit Committee are also responsible for reviewing the Company’s financial reporting process, risk management and internal control systems.

The Audit Committee currently comprises 3 independent non-executive Directors, namely Mr. Zhou Tianshu, Ms. Wu Liyan and Ms. Wong Susan Chui San and Mr. Zhou Tianshu is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

By order of the Board
Loco Hong Kong Holdings Limited
Wang Wendong
Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Zhang Siyuan (Chairman of the Board), Mr. Wang Wendong and Mr. Fung Chi Kin; and the independent non-executive Directors are Mr. Zhou Tianshu, Ms. Wu Liyan and Ms. Wong Susan Chui San.