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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 UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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**” or individually a “**Director**”) of Loco Hong Kong Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the Company’s website at www.locohkholdings.com.

The Board of Directors (the “**Board**”) of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019, together with comparative figures for the previous year. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results and Delay in Despatch of the Annual Report for the year ended 31 December 2019” in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 HK\$’000 (Unaudited)	2018 HK\$’000 (Audited)
Continuing operations			
Revenue			
– Sales of metal		185,688	1,075,894
– Education management services		25,201	–
– Interest income from customers and suppliers		5,706	7,979
– Order commission		19	67
		<hr/>	<hr/>
Total revenue	3	216,614	1,083,940
Trading losses on commodity forward contracts		(2,871)	(1,093)
Other income		280	350
		<hr/>	<hr/>
		214,023	1,083,197
Carrying value of inventories sold		(183,361)	(1,066,363)
Change in fair value of commodity inventories		(1,590)	(3,226)
Depreciation of property, plant and equipment		(1,356)	(1,446)
Depreciation of right-of-use assets		(2,348)	–
Employee costs		(24,108)	(17,481)
Fair value losses on other financial assets		(3,134)	–
Loss on disposal of property, plant and equipment		(56)	(278)
Other operating expenses		(13,295)	(10,558)
Provision of loss allowance on loan receivable		(2,684)	(76)
Provision of loss allowance on trade and other receivables		(714)	–
Rental expenses		(390)	(5,304)
Share of loss of associates		(9)	(19)
Finance costs	4	(794)	(1,018)
		<hr/>	<hr/>

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> <i>(Audited)</i>
Loss before income tax expense	5	(19,816)	(22,572)
Income tax (expense)/credit	6	<u>(5,901)</u>	<u>60</u>
Loss for the year from continuing operations		(25,717)	(22,512)
Discontinued operations			
Loss for the year from discontinued operations		<u>–</u>	<u>(5,141)</u>
Loss for the year		<u>(25,717)</u>	<u>(27,653)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Release of translation reserve upon disposal of a subsidiary		–	42
Exchange differences on translating foreign operations		<u>171</u>	<u>(2,589)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>171</u>	<u>(2,547)</u>
Total comprehensive loss for the year		<u>(25,546)</u>	<u>(30,200)</u>
Loss attributable to owners of the Company:			
– from continuing operations		(33,415)	(22,261)
– from discontinued operations		<u>–</u>	<u>(5,156)</u>
Loss for the year attributable to owners of the Company		<u>(33,415)</u>	<u>(27,417)</u>
Profit/(loss) attributable to non-controlling interests:			
– from continuing operations		7,698	(251)
– from discontinued operations		<u>–</u>	<u>15</u>
Profit/(loss)for the year attributable to non-controlling interests		<u>7,698</u>	<u>(236)</u>

	2019	2018
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Total comprehensive (loss)/income for the year attributable to:		
– owners of the Company	(33,298)	(29,935)
– non-controlling interests	<u>7,752</u>	<u>(265)</u>
	<u>(25,546)</u>	<u>(30,200)</u>
Total comprehensive loss attributable to owners of the Company:		
– from continuing operations	(33,298)	(22,436)
– from discontinued operations	<u>–</u>	<u>(7,499)</u>
	<u>(33,298)</u>	<u>(29,935)</u>
Loss per share attributable to owners of the Company during the year (basic and diluted)		
– from continuing operations (<i>HK cents</i>)	(5.95)	(4.64)
– from discontinued operations (<i>HK cents</i>)	<u>–</u>	<u>(1.07)</u>
7	<u>(5.95)</u>	<u>(5.71)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		2,985	1,241
Right-of-use assets		3,000	–
Interest in an associate		7,991	–
Other financial assets		17,286	5,000
		<u>31,262</u>	<u>6,241</u>
Current assets			
Inventories		224	41,972
Trade and other receivables and prepayments	8	28,090	23,926
Loan receivable	9	4,829	7,513
Derivative financial assets		–	6,889
Tax recoverable		–	277
Cash and cash equivalents		28,724	82,288
		<u>61,867</u>	<u>162,865</u>
Current liabilities			
Other payables, accruals and deposits received		2,088	51,183
Borrowing		–	4,100
Derivative financial liabilities		–	1
Amounts due to related companies		–	4,173
Loan from a related company		–	27,195
Tax payable		4,882	–
Lease liabilities		2,280	–
		<u>9,250</u>	<u>86,652</u>
Net current assets		<u>52,617</u>	<u>76,213</u>
Total assets less current liabilities		<u>83,879</u>	<u>82,454</u>
Non-current liabilities			
Lease liabilities		871	–
		<u>871</u>	<u>–</u>
Net assets		<u>83,008</u>	<u>82,454</u>
Equity			
Share capital		144,480	122,898
Reserves		(70,365)	(40,444)
Equity attributable to the owners of the Company		<u>74,115</u>	<u>82,454</u>
Non-controlling interests		8,893	–
Total equity		<u>83,008</u>	<u>82,454</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 Group is principally engaged in trading of metal and commodity forward contracts, provision of money lending services and provision of education management services, which are conducted in Hong Kong and mainland of the People’s Republic of China (the “**PRC Mainland**”).

The unaudited consolidated financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies 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 unaudited 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 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**”) and by the CO.

The unaudited 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**”) (since 1 January 2019) or HKAS 17 “*Leases*” (“**HKAS 17**”) (before application of 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*” (“**HKAS 36**”).

The preparation of the unaudited 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2.2 Changes in accounting policies

New and amended standards adopted by the Group

The Group has applied the following new and revised standards and amendments for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Other than as explained below regarding the impact of HKFRS 16, the adoption of the above new and revised standards has had no significant financial effect on the consolidated financial statements.

Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17, and the related interpretations, HK(IFRIC)-Int 4 “*Determining whether an Arrangement contains a Lease*” (“**HK(IFRIC)-Int 4**”), HK(SIC)-Int 15 “*Operating Leases – Incentives*”, and HK(SIC)-Int 27 “*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*”. It introduces a single accounting model for lessees, which requires a lessee to recognize a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“**short-term leases**”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 and remain substantially unchanged.

The Group has adopted HKFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019. Under this approach, the standard has been applied retrospectively with the cumulative effect of initial adoption recognized as an adjustment to the opening balance of accumulated losses as at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as operating leases. Under HKFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and short-term leases (elected by class of underlying asset) (if any). Instead of recognizing rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognizes depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities as at 1 January 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019. The right-of-use assets were measured its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the incremental borrowing rate as at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.58%.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

The Group has used the following elective practical expedient when applying HKFRS 16 as at 1 January 2019:

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK\$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	5,707
<i>Less:</i> Total future interest expenses	<u>(172)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019	<u><u>5,535</u></u>
Analyzed as	
Current	2,384
Non-current	<u>3,151</u>
Total lease liabilities recognized as at 1 January 2019	<u><u>5,535</u></u>

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets HK\$'000 (Unaudited)
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16	5,312
Adjustment on rental deposits as at 1 January 2019	<u>36</u>
	<u><u>5,348</u></u>

Impact on the consolidated statement of financial position

The following adjustments were made to the amounts recognized in the consolidated statement of financial position as at 1 January 2019. Line items that were not affected by the changes have not been included.

	As at 31 December 2018 HK\$'000 (Audited)	Impacts of adopting HKFRS 16 HK\$'000 (Unaudited)	As at 1 January 2019 HK\$'000 (Unaudited)
Non-current assets			
Right-of-use assets	–	5,348	5,348
Total non-current assets	6,241	5,348	11,589
Current assets			
Trade and other receivables and prepayments	23,926	(36)	23,890
Total current assets	162,865	(36)	162,829
Current liabilities			
Other payables, accruals and deposits received	51,183	(199)	50,984
Lease liabilities	–	2,384	2,384
Total current liabilities	86,652	2,185	88,837
Non-current liabilities			
Lease liabilities	–	3,151	3,151
Total non-current liabilities	–	3,151	3,151
Net assets	82,454	(24)	82,430
Equity			
Reserves	(40,444)	(24)	(40,468)
Total equity	82,454	(24)	82,430

The Group has not early applied the new and amendments to HKFRSs that have been issued but are not yet effective for the current year. The Group is in the process of making an assessment of what the impact of these new or revised standards and amendments is expected to be in the period of initial application. So far, the Group has not identified any significant impact on the financial performance and positions which the Group is expected when they become effective.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors, 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.

During the year ended 31 December 2018, the Group disposed its businesses in trading of electronic products and merchandising support services which are classified as discontinued operations for the year ended 31 December 2018.

During the year ended 31 December 2019, the Group has launched the education management services business providing exclusive management and consulting services to various schools in PRC Mainland.

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:

Continuing operations:

- (i) Trading of metal – Sales of metal and interest income from customers and suppliers in Hong Kong.
- (ii) Money lending services – Provision of money lending services in Hong Kong.
- (iii) Education management services – Provision of education management services in PRC Mainland.

Discontinued operations:

- (i) Trading of electronic products – Trading of electronic products in the PRC Mainland. The segment is discontinued and disposed of on 4 December 2018.
- (ii) Merchandising support services – The Group commenced the merchandising support services for trading of automotive parts in the PRC Mainland since February 2018 following the completion of acquisition of a PRC Mainland entity. This segment is deemed to be disposed of on 30 June 2018.

(a) Segments results, assets and liabilities

The segment information provided to the Directors for the reportable segments for the years ended 31 December 2018 and 2019 are as follows:

	For the year ended 31 December 2019 (Unaudited)			
	Continuing operations			
	Trading of metal HK\$'000	Money lending services HK\$'000	Education management services HK\$'000	Total HK\$'000
Reportable segment revenue (Note)	190,565	848	25,201	216,614
Reportable segment (loss)/profit	(7,522)	(2,512)	23,203	13,169
Depreciation of property, plant and equipment				(512)
Depreciation of right-of-use assets				(1,519)
Employee costs				(16,572)
Fair value losses on other financial assets				(2,000)
Interest expenses				(115)
Other unallocated corporate expenses				(12,267)
Loss before income tax expense from continuing operations				(19,816)
Income tax expense				(5,901)
Loss for the year from continuing operations				(25,717)
Reportable segment assets	23,437	5,850	28,692	57,979
Cash and cash equivalents				21,467
Property, plant and equipment				543
Right-of-use assets				1,923
Other financial assets				10,500
Other unallocated corporate assets				717
Consolidated total assets				93,129
Additions to specified non-current assets	11,051	–	–	11,051
Reportable segment liabilities	1,031	266	5,708	7,005
Lease liabilities				2,045
Other unallocated corporate liabilities				1,071
Consolidated total liabilities				10,121

For the year ended 31 December 2018 (Audited)

	Continuing operations		Discontinued operations		Total <i>HK\$'000</i>
	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Merchandising support services <i>HK\$'000</i>	Trading of electronic products <i>HK\$'000</i>	
Reportable segment revenue (<i>Note</i>)	<u>1,083,348</u>	<u>592</u>	<u>1,039</u>	<u>13,011</u>	<u>1,097,990</u>
Reportable segment (loss)/profit	<u>(2,815)</u>	<u>46</u>	<u>34</u>	<u>122</u>	<u>(2,613)</u>
Depreciation of property, plant and equipment					(985)
Employee costs					(10,510)
Interest expenses					(19)
Other unallocated corporate expenses					(5,458)
Rental expenses					(2,812)
Share of loss of associates					(19)
Elimination of discontinued operations					<u>(156)</u>
Loss before income tax expense from continuing operations					<u>(22,572)</u>
Income tax credit					<u>60</u>
Loss for the year from continuing operations					<u><u>(22,512)</u></u>
Reportable segment assets	<u>123,043</u>	<u>9,380</u>	<u>–</u>	<u>–</u>	<u>132,423</u>
Cash and cash equivalents					34,635
Property, plant and equipment					973
Other unallocated corporate assets					<u>1,075</u>
Consolidated total assets					<u><u>169,106</u></u>
Additions to specified non-current assets	<u>51</u>	<u>–</u>	<u>204</u>	<u>–</u>	<u>255</u>
Reportable segment liabilities	<u>80,216</u>	<u>58</u>	<u>–</u>	<u>–</u>	<u>80,274</u>
Other unallocated corporate liabilities					<u>6,378</u>
Consolidated total liabilities					<u><u>86,652</u></u>

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

(b) Other segment information

For the year ended 31 December 2019 (Unaudited)

Continuing operations

	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>
Change in fair value of commodity inventories	(1,590)	–	–	(1,590)
Depreciation of property, plant and equipment	(844)	–	–	(844)
Depreciation of right-of-use assets	(667)	(162)	–	(829)
Fair value losses on other financial assets	(1,134)	–	–	(1,134)
Provision of loss allowance on loan receivable	–	(2,684)	–	(2,684)
Provision of loss allowance on trade and other receivables	–	(325)	(389)	(714)
Interest income	4,858	848	–	5,706
Interest expenses	(670)	(9)	–	(679)
Share of loss of an associate	(9)	–	–	(9)

For the year ended 31 December 2018 (Audited)

Continuing operations

Discontinued operations

	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Merchandising support services <i>HK\$'000</i>	Trading of electronic products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Change in fair value of commodity inventories	(3,226)	–	–	–	(3,226)
Depreciation of property, plant and equipment	(461)	–	(28)	(11)	(500)
Interest income	7,434	592	1	1	8,028
Interest expenses	(999)	–	–	–	(999)
Provision of loss allowance on loan receivable	–	(76)	–	–	(76)

(c) **Reconciliation of reportable segment revenue to consolidated revenue from continuing operations**

	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Revenue		
Reportable segment revenue	216,614	1,097,990
Elimination of discontinued operations	—	(14,050)
	<u> </u>	<u> </u>
Consolidated revenue from continuing operations	<u>216,614</u>	<u>1,083,940</u>

(d) **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. 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, interest in an associate and right-of-use assets, by geographical location are detailed below:

	Revenue from customers (Note)	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Continuing operations		
Australia	15,287	80,129
Hong Kong	66,324	339,295
Japan	46,583	126,921
PRC Mainland	25,242	100
Singapore	63,178	537,495
	<u> </u>	<u> </u>
	<u>216,614</u>	<u>1,083,940</u>
Discontinued operations		
PRC Mainland	—	14,050
	<u> </u>	<u> </u>
	<u>216,614</u>	<u>1,097,990</u>

Note: Based on location of customers.

	Specified non-current assets	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Continuing operations		
Hong Kong	13,976	1,241

(e) Disaggregation of revenue

For the year ended 31 December 2019 (Unaudited)

	Continuing operations			Total <i>HK\$'000</i>
	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Education management services <i>HK\$'000</i>	
Primary geographical markets				
Australia	15,287	–	–	15,287
Hong Kong	65,476	848	–	66,324
Japan	46,583	–	–	46,583
PRC Mainland	41	–	25,201	25,242
Singapore	63,178	–	–	63,178
	190,565	848	25,201	216,614

For the year ended 31 December 2018 (Audited)

	Continuing operations		Discontinued operations		Total <i>HK\$'000</i>
	Trading of metal <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Merchandising support services <i>HK\$'000</i>	Trading of electronic products <i>HK\$'000</i>	
Primary geographical markets					
Australia	80,129	–	–	–	80,129
Hong Kong	338,703	592	–	–	339,295
Japan	126,921	–	–	–	126,921
PRC Mainland	100	–	1,039	13,011	14,150
Singapore	537,495	–	–	–	537,495
	1,083,348	592	1,039	13,011	1,097,990

(f) **Information about major customers**

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

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Customer A	56,543	446,770
Customer B	46,583	126,921
Customer C	26,331	N/A
Customer D	N/A	183,965

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

4. FINANCE COSTS

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Continuing operations:		
Interest on bank loans and other borrowing	30	66
Interest on lease liabilities	113	–
Interest on loans from related companies	651	952
	794	1,018

5. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Continuing operations:		
Auditors' remuneration	600	634
Donation	500	300
Exchange gains-net	(98)	(320)
Minimum lease payments under operating leases	–	4,882
Lease payments not included in the measurement of lease liabilities	390	–
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE/(CREDIT)

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Continuing operations:		
Profit tax:		
Charge for the year	5,901	–
Over provision in respect of prior years	–	(60)
	<u> </u>	<u> </u>
Income tax expense/(credit)	<u>5,901</u>	<u>(60)</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 is calculated at 16.5% on the estimated assessable profit for the year ended 31 December 2019 (2018: 16.5%).

Under the Law of the PRC Mainland on Enterprise Income Tax (the “**EIT Laws**”) and Interpretation Regulation of the EIT Laws, the tax rate of the PRC Mainland subsidiaries is 25% for the year ended 31 December 2019 (2018: 25%).

7. LOSS PER SHARE

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Loss		
Loss attributable to owners of the Company		
– from continuing operations	(33,415)	(22,261)
– from discontinued operations	–	(5,156)
	<u>(33,415)</u>	<u>(27,417)</u>
	2019 (Unaudited)	2018 (Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (<i>in thousand</i>)	<u>561,704</u>	<u>480,170</u>

For the year ended 31 December 2018, the computation of diluted loss 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.

For the year ended 31 December 2019, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options which were granted during the year ended 31 December 2015 since their exercise price is higher than the average market price of the Company's share for the year. In addition, it does not assume the effect of Company's outstanding share options which were granted during the year ended 31 December 2019 as they have anti-dilutive effect on the loss per share calculation.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade receivables	21,006	–
<i>Less:</i> provision for loss allowance	<u>(310)</u>	<u>–</u>
Trade receivables – net (<i>Note (a)</i>)	<u>20,696</u>	<u>–</u>
Loan interest receivable	893	279
<i>Less:</i> provision for loss allowance	<u>(325)</u>	<u>–</u>
Loan interest receivable – net (<i>Note (b)</i>)	<u>568</u>	<u>279</u>
Other receivables and deposits	6,621	821
<i>Less:</i> provision for loss allowance	<u>(79)</u>	<u>–</u>
Other receivables and deposits – net	<u>6,542</u>	<u>821</u>
Deposits for commodity forward contracts	–	22,547
Prepayments	<u>284</u>	<u>279</u>
	<u>28,090</u>	<u>23,926</u>

(a) Trade receivables

The credit period granted to customers are 3 months generally.

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
0 – 30 days	<u>20,696</u>	<u>–</u>

None of these receivables were past due.

(b) Loan interest receivable

The Group's interest receivable arises from the money lending business of providing personal loans in Hong Kong. The interest receivable was secured by collateral provided by personal guarantee and property located in Hong Kong.

As at 31 December 2018, no loan interest receivable has been past due. As at 31 December 2019, the total carrying amount of loan interest receivable is overdue by more than three months but less than six months and the total carrying amount of loan interest receivable is determined to be credit-impaired after considering the overdue aging analysis and other qualitative factors.

9. LOAN RECEIVABLE

	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Audited)
Loan receivable	7,589	7,589
Less: provision for loss allowance	<u>(2,760)</u>	<u>(76)</u>
Loans receivable – net (current portion)	<u>4,829</u>	<u>7,513</u>

The Group's loan receivable arises from the money lending business of providing personal loans in Hong Kong, with interest bearing at 8% per annum and denominated in HK\$. The loan receivable was secured by personal guarantee and property located in Hong Kong and the Company is as the third mortgagee of the secured property.

As at 31 December 2018, no loan receivable has been past due. As at 31 December 2019, the total carrying amount of loan receivable is overdue by more than three months but less than six months and the total carrying amount of loan receivable is determined to be credit-impaired after considering the overdue aging analysis and other qualitative factors.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Strategy and Business Model

The Group is principally engaged in trading of metal in Hong Kong accompanied with trading of commodity forward contracts for hedging purpose. Besides, the Group also engaged in provision of education management services and provision of money lending services, which are conducted in Hong Kong and mainland of the People's Republic of China (the "PRC Mainland"), during the year.

The Group purchases silver raw material when we have sufficient capital and source of silver raw material. For other metals, whenever we can secure the sale, we proceed with the purchase of other metals. In order to ensure a sufficient supply of silver products to our customers, we maintain a target inventory level, by taking into account silver supplies and our processing capacity. A sales contract is originated by an inquiry from and/or negotiation with our customers. The purchase or sales price is expressed as a discount to or premium over the prevailing market price at a date to be agreed. Such discount or premium is negotiated on a case by case basis between us and our suppliers or customers, after taking into account various factors such as prevailing market conditions, order sizes and business relationship with our suppliers or customers.

We operate the silver processing facilities with a view to enhancing the marketability as well as facilitating the trading of our silver products. Our processing involves melting silver raw materials and moulding them into the shapes and forms required by our customers. The business models of our direct trading of silver and other metals are essentially identical to the trading of silver products which involve processing, except that we do not process the products sold under our direct trading.

The Group adopts hedging strategies to avoid adverse impact on our income arising from price fluctuation of metals. Such strategies mainly include entering into forward contracts with our commodity dealers to fix the forward price contemporaneously upon our fixing the purchase or sales price with our suppliers or customers, in order to mitigate the impact from price fluctuation.

The sales and purchase price of our silver and gold products and the hedging arrangements were determined with reference to a benchmark price quoted on the website of London Bullion Market Association and live prices published and distributed by various data vendors.

Business Review

Sales of metal

The Group's income was mainly generated from the sales of silver products. Since the first quarter of the year, there has been a marked shortage of silver scrap supply in the market. Due to fierce competition among the industry players, the gross margin from trading of silver products is not attractive, and related risks are increased accordingly. Based on the principle of steady operation, the Group has restructured the relationships with customers and industry players, after the change in management of the sales of metal business, in the middle of the year. Under the precondition of risk under control, the Group will expand the business in trading of other metals, such as gold. The revenue from sales of metal is expected to improve in the coming year.

The Group processed approximately 48 tonnes (2018: 264 tonnes) of silver scrap for the year ended 31 December 2019 of which represented a decrease of approximately 81.8% as compared with 2018.

For the year ended 31 December 2019, the Group recorded a revenue from sales of metal of approximately HK\$185.7 million (2018: HK\$1,075.9 million), representing a decrease of approximately 82.7%. For the year ended 31 December 2019, 98% (2018: 99%) of the revenue from sales of metal was contributed by sale of silver products and the remaining was contributed by sale of gold (2018: gold).

Provision of education management services

The Group has launched the education management services business since July 2019, mainly providing exclusive management and consulting services to various schools by our subsidiary, 四川港銀雅滙教育管理有限公司 (Sichuan Loco Yahui Education Management Limited*) (“**Loco Yahui**”) in the PRC Mainland. During the year, Loco Yahui has signed education management services agreements with nine schools and contributed approximately HK\$25.2 million revenue to the Group. The Group will continue to strive to expand the business in the future.

Provision of money lending services

United Worth Finance Limited, a subsidiary of the Group has obtained a money lenders license (under Money Lenders Ordinance, Chapter 163 of the Law of Hong Kong) since 2017 and is lawfully engaged in provision of money lending services in Hong Kong. During the year, the size of the business was still small as the Group stands in prudent approach on money lending business to earn interest from our borrowers. As at 31 December 2019, there was one credit-impaired loan receivable and loan interest receivable amounted to approximately HK\$7.6 million and HK\$0.9 million respectively, due from a customer, which is secured by third mortgage on a property in Hong Kong. A total provision of loss allowance of approximately HK\$3.1 million was provided on the credit-impaired loan receivable and loan interest receivable.

* *English name for identification purpose only*

Outlook

The Group will continue to carry on sales of metal, provision of education management services and provision of money lending services in Hong Kong and the PRC Mainland. Especially, the Group will further expand the provision of education management services business in the coming years.

The shortage of silver raw material supply, fierce competition among the industry players and significantly fluctuation of the market price of silver may affect the silver industry of Hong Kong and our Group as we encountered in the past few years. Under the precondition of risk under control, the Group will expand the business in trading of other metals, such as gold. The revenue from trading of metal segment is expected to be improved. Besides, the Group would actively seek for new market opportunities and extend the business to investment, finance and trade on other commodity. Besides, we have started new sector of business of provision of education management services, cooperating with several well-known education organizations in Sichuan province of the PRC Mainland during the year.

The Group will keep looking for any opportunity for the development of new business, study cooperation opportunities with Chinese or international well-known companies, use of financial and capital instruments; extend new business areas; strive for sustainable development; and strive to generate better returns for all the shareholders.

Financial Review

For the year ended 31 December 2019, the Group had a total revenue of approximately HK\$216.6 million (2018: total revenue from continuing and discontinued operations of HK\$1,098.0 million), representing a decrease of approximately 80.3% as compared with 2018. The Group recorded loss of approximately HK\$25.7 million (2018: HK\$27.7 million) for the year ended 31 December 2019, representing a decrease of approximately 7.2% as compared to 2018. The decrease in loss was mainly attributable to net effect of:

- (i) a significant decrease in revenue of approximately 82.7% from sales of metal as discussed in the “Business Review” section;
- (ii) increase in employee costs of approximately HK\$5.6 million, compared to total employee costs for continuing and discontinued operations of approximately HK\$18.5 million in 2018, in particular expenses related to the share options granted to the Directors and employee on 27 August 2019 of approximately HK\$4.0 million;

- (iii) increase in other operating expenses of approximately HK\$2.7 million, in particular professional fees incurred for new projects;
- (iv) fair value losses on investments in unlisted equity securities of approximately HK\$3.1 million;
- (v) provision of loss allowance of approximately HK\$2.7 million and HK\$0.7 million provided on loan receivable and trade and other receivables, respectively; and
- (vi) profit contributed by the newly established education management services business of approximately HK\$17.3 million.

For the year ended 31 December 2019, the Group's loss attributable to owners of the Company was approximately HK\$33.4 million, as compared to the loss attributable to owners of the Company of approximately HK\$27.4 million for 2018.

The key performance indicators of the Group include those provided above and in the sections "Environmental, Social and Governance Report", "Business Review", "Capital Structure, Liquidity and Financial Resources" and "Financial Summary" in the annual report. They help the management to set, evaluate, implement and control strategies so as to improve our performance.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2019, the Group had cash and bank balances of approximately HK\$28.7 million (2018: HK\$82.3 million) and net current assets of approximately HK\$52.6 million (2018: HK\$76.2 million). As at 31 December 2019, the current ratio stood at 6.69 times (2018: 1.88 times).

The Group generally finances its operations primarily with internally generated cash. The decrease in cash balance of approximately HK\$53.6 million mainly represented the investments in an associate and other financial assets, repayment of deposits received, borrowing, amounts due to related companies and loan from a related company, netting off the proceed from issue of placing shares.

As at 31 December 2019, the Group had no outstanding borrowings (2018: loan from a related company of approximately HK\$27.2 million and loan from a shareholder of approximately HK\$4.1 million).

As at 31 December 2019, no banking facilities were granted to the Group (2018: nil). The Directors believed that the Group has adequate financial resources to fulfill its commitments and working capital requirements.

Placing of New Shares under General Mandate

As disclosed in the Company's announcements dated 7 February 2019 and 25 February 2019, the Company had completed placing of 96,000,000 ordinary shares of the Company at a placing price of HK\$0.241 per placing share on 25 February 2019.

The placing price represents (i) a discount of approximately 19.67% to the closing price of HK\$0.300 per share as quoted on the Stock Exchange on 4 February 2019, being the last trading day for the shares prior to the date of the placing agreement, and (ii) a discount of approximately 8.02% to the average closing price of approximately HK\$0.262 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the placing agreement.

The net proceeds from the placing was approximately HK\$21.6 million, after deducting relevant expenses incurred in relation to the placing, which was used as the general working capital of the Group.

As at 31 December 2019, the aforesaid net proceeds use which are consistent with the intended use of proceeds has been applied as follows:

	Intended use of proceeds <i>HK\$'000</i>	Utilised amount of proceeds <i>HK\$'000</i>	Unutilised amount of proceeds <i>HK\$'000</i>
General working capital	<u>21,582</u>	<u>21,582</u>	<u>–</u>

Capital Commitment

As at 31 December 2019, the Group did not have any significant capital commitment.

Employees and Remuneration Policy

As at 31 December 2019, the Group employed a total of 28 staff. The total employee costs, including remuneration of the Directors, for the year ended 31 December 2019 amounted to approximately HK\$24.1 million.

The remuneration policy and package of the Group's employees are periodically reviewed. Share options and bonuses are also available to employees of the Group at the discretion of the Board and depending upon the financial performance of the Group.

Charge on the Group's Assets

As at 31 December 2019, no assets of the Group were pledged as security.

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plan for material investments or capital assets for the coming year. Nonetheless, if any potential investment opportunity arises in the coming year, the Group will prepare the feasibility study and implementation plan when it is beneficial to the Group and its shareholders as a whole.

Significant Investments, Acquisitions and Disposals

On 7 May 2019, an inactive wholly-owned subsidiary of the Group, Loco Precious Metal Limited (“**LPM**”) allotted and issued a total of 19,990,000 fully paid new shares at price of HK\$1 per share. 7,990,000 shares were allotted to the Group and 12,000,000 shares were allotted to an independent third party. As a result, the issued shares of LPM was increased to 20,000,000 shares and the Group held 8,000,000 shares, representing 40% equity interest in LPM. The Group ceased to have the control over LPM, however, the Group still has significant influence over LPM and thus is accounted for as an associate since 7 May 2019.

On 30 April 2019, the Group acquired 7,920,000 shares of Lexus Group (Asia) Limited (“**Lexus Group**”), representing 18% equity interest in Lexus Group at consideration of HK\$7,920,000.

On 16 May 2019, the Group acquired further 1,200 new shares of Grand Max Enterprises Limited (“**Grand Max**”), representing 10% equity interest in Grand Max at consideration of HK\$7,500,000. As a result, the Group held 2,000 shares, representing 16.67% equity interest in Grand Max.

As Mr. Felipe Tan, the executive Director solely responsible for the above investments, has resigned on 20 July 2019, the management is following up actively and in assessment for the status and business prospects of the above investments. During the year ended 31 December 2019, fair value losses of approximately HK\$1.1 million and HK\$2.0 million were recorded for Lexus Group and Grand Max, respectively, based on independent professional valuations.

Save as disclosed above, there were no significant investment held as at 31 December 2019, nor other material acquisition and disposal of subsidiary during the year ended 31 December 2019.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

Gearing Ratio

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

As at 31 December 2019, no gearing ratio is presented as the Group has net cash surplus (2018: net cash surplus).

Foreign Exchange Exposure

Our sales, purchase and borrowings are predominantly denominated in HK\$, United States dollars and Renminbi. The Directors considered that the Group had no significant exposure to foreign exchange fluctuations and believe it was not necessary to hedge against any exchange risk. Nevertheless, management will continue to monitor the foreign exchange exposure position and will take any future measures if appropriate.

Contingent Liabilities

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 our Group as at 31 December 2019 and there has not been any material change in the contingent liabilities of the Group since 31 December 2019.

Events after the Reporting Period

The outbreak of the novel coronavirus (“**COVID-19**”) in late January 2020 has adversely affected the Group’s daily operation and patronage of local and cross-boundary transport. The Group has been implementing a number of measures to lessen the impact and will continue to closely monitor further effect that could be caused by COVID-19 on the business operation and financial position of the Group.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information of the Group relating to the year ended 31 December 2018 included in this preliminary announcement of unaudited annual results for the year ended 31 December 2019 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 2018 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 previous auditors, Crowe (HK) CPA Limited has reported on the financial statements of the Group for the year ended 31 December 2018. 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

On 25 February 2019, the Company allotted and issued a total of 96,000,000 fully paid new shares by way of placing at a price of HK\$0.241 per share.

Save as disclosed above, 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 2019, the Group has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules (the "Code Provisions") except the deviation from A.2.1 of the Code Provisions. The Board reviews and improves its corporate governance practices from time to time so as to ensure that they comply with the statutory requirements and the Code Provisions.

A.2.1 of the Code Provisions stipulates that the roles of chairman and chief executive officer should be separated. Currently, Mr. Wang Wendong holds both positions. Since Mr. Wang Wendong joined the Company in May 2018, he has held the key leadership position of the Group and has been involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including independent non-executive Directors) consider that Mr. Wang Wendong is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders as a whole.

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 2019.

AUDIT COMMITTEE

The Company established our 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 C.3 of the Code Provisions. The duties of the Audit Committee include, amongst others, reviewing, in draft form, our 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, our senior management and the Company’s 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 our accounting staff, compliance officers or auditors. Members of the Audit Committee are also responsible for reviewing our Company’s financial reporting process, risk management and internal control systems. As at the date of this announcement, the Audit Committee comprises four independent non-executive Directors, namely Mr. Zhou Tianshu (Chairman), Mr. Lau Yuen Sun Adrian, Ms. Wong Susan Chui San and Ms. Wu Liyan.

REVIEW OF UNAUDITED ANNUAL RESULTS AND DELAY IN DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Due to the recent travel and other restrictions imposed by the PRC Mainland government and the Hong Kong government to contain the COVID-19 outbreak, the reporting and audit processes of the Group’s financial statements for the year ended 31 December 2019 has been disrupted, and the Company is unable to publish an audited annual results announcement and annual report for the year ended 31 December 2019 by 31 March 2020 in accordance with Rules 18.49 and 18.03 of the GEM Listing Rules. The unaudited results contained herein have not been agreed by the Company’s auditors.

The unaudited annual results contained herein have been reviewed by the Audit Committee of the Company.

An announcement relating to the audited results announcement and the annual report will be made when the auditing process is completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants, together with the material differences (if any) as compared with the unaudited annual results contained herein.

It is expected that the auditors' audit will resume as soon as practicable once the travel restrictions to the PRC Mainland and the quarantine arrangements are relieved. The Company will dispatch the annual report as and when appropriate, according to the GEM Listing Rules and, in any event, not later than Friday, 15 May 2020.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited annual results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

The financial information contained herein in respect of the unaudited annual results of the Group for the year ended 31 December 2019 have not been audited and have not been agreed with the Company's auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 27 March 2020

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.