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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 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 “**Director(s)**” or individually a “**Director**”) of Loco Hong Kong Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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 will 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 posting and will be available on the Company’s website at www.locohkholdings.com.

The board of Directors (the “**Board**”) of the Company presents the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024, together with the comparative unaudited figures for the corresponding periods in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		Six months ended	
		30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue			
– Sales of metal		8,437,963	125,700
– Education management services		13,620	14,564
		8,451,583	140,264
Other income		30	21
		8,451,613	140,285
Carrying value of inventories sold		(8,422,786)	(125,132)
Change in fair value of commodity inventory		33	(6)
Depreciation of property, plant and equipment		(779)	(341)
Depreciation of right-of-use assets		(1,799)	(1,320)
Employee costs		(5,984)	(5,128)
Other operating expenses		(9,524)	(4,688)
Provision of loss allowance on trade and other receivable		(239)	(204)
Rental expenses		(711)	(692)
Share of loss of an associate		–	(30)
Finance costs	5	(413)	(393)
Profit before income tax expense		9,411	2,351
Income tax expense	6	(4,643)	(2,926)

		Unaudited	
		Six months ended	
		30 June	
		2024	2023
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
	Profit/(loss) for the period	<u>4,768</u>	<u>(575)</u>
	Profit/(loss) for the period attributable to:		
	– Owners of the Company	4,768	(575)
	– Non-controlling interests	<u>–</u>	<u>–</u>
		<u>4,768</u>	<u>(575)</u>
	Profit/(loss) for the period	4,768	(575)
	Other comprehensive loss		
	Item that may be reclassified subsequently to profit or loss:		
	Exchange differences on translating foreign operations	<u>(1,058)</u>	<u>(1,197)</u>
	Total comprehensive income/(loss) for the period	<u>3,710</u>	<u>(1,772)</u>
	Total comprehensive income/(loss) for the period attributable to:		
	– Owners of the Company	3,710	(1,772)
	– Non-controlling interests	<u>–</u>	<u>–</u>
		<u>3,710</u>	<u>(1,772)</u>
		<i>HK cents</i>	<i>HK cents</i>
	Basic and diluted earning/(loss) per share	<u>0.58</u>	<u>(0.07)</u>
		<i>8</i>	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		4,289	5,184
Right-of-use assets		<u>4,421</u>	<u>6,332</u>
		<u>8,710</u>	<u>11,516</u>
Current assets			
Inventories		294	261
Trade and other receivables and prepayments	9	457,873	359,871
Loan receivable		–	–
Cash and cash equivalents		<u>66,987</u>	<u>16,329</u>
		<u>525,154</u>	<u>376,461</u>
Current liabilities			
Trade and other payables and accruals	10	401,062	314,695
Borrowings		79,643	23,130
Tax payable		4,245	3,259
Lease liabilities		<u>1,890</u>	<u>2,703</u>
		<u>486,840</u>	<u>343,787</u>
Net current assets		<u>38,314</u>	<u>32,674</u>
Total assets less current liabilities		<u>47,024</u>	<u>44,190</u>

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Non-current liabilities		
Deferred tax liabilities	1,116	1,116
Lease liabilities	<u>2,196</u>	<u>3,072</u>
	<u>3,312</u>	<u>4,188</u>
Net assets	<u><u>43,712</u></u>	<u><u>40,002</u></u>
Equity		
Share capital	188,348	188,348
Reserves	<u>(144,674)</u>	<u>(148,384)</u>
Equity attributable to the owners of the Company	43,674	39,964
Non-controlling interests	<u>38</u>	<u>38</u>
Total equity	<u><u>43,712</u></u>	<u><u>40,002</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Share capital HK\$'000	Merger reserve HK\$'000	Equity-settled share-based payment reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023	188,348	(1,357)	89	2,232	(205)	(165,831)	23,276	-	23,276
Loss for the period	-	-	-	-	-	(575)	(575)	-	(575)
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	(1,197)	-	(1,197)	-	(1,197)
Total comprehensive loss for the period	-	-	-	-	(1,197)	(575)	(1,772)	-	(1,772)
Transfer of statutory reserve	-	-	-	36	-	(36)	-	-	-
At 30 June 2023	188,348	(1,357)	89	2,268	(1,402)	(166,442)	21,504	-	21,504
At 1 January 2024	186,348	(1,357)	89	4,403	(892)	(150,627)	39,964	38	40,002
Profit for the period	-	-	-	-	-	4,768	4,768	-	4,768
Other comprehensive loss:									
Exchange differences on translating foreign operations	-	-	-	-	(1,058)	-	(1,058)	-	(1,058)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,058)	4,768	3,710	-	3,710
At 30 June 2024	188,348	(1,357)	89	4,403	(1,950)	(145,859)	43,674	38	43,712

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Profit before income tax	<u>9,411</u>	<u>2,351</u>
Adjustments for:		
Change in fair value of commodity inventories	(33)	6
Depreciation of property, plant and equipment	779	341
Depreciation of right-of-use assets	1,799	1,320
Interest income	(17)	(10)
Interest expenses	413	393
Provision of loss allowance on trade and other receivables	239	204
Share of loss of an associate	<u>–</u>	<u>30</u>
Operating cash flows before changes in working capital	12,591	4,635
Increase in trade and other receivables and prepayments	(99,225)	(2,098)
Increase/(decrease) in trade and other payables and accruals	86,092	(317)
Decrease in contract liabilities	<u>–</u>	<u>(4,215)</u>
Cash used in operations	(542)	(1,995)
Income taxes paid	<u>(3,657)</u>	<u>(1,792)</u>
<i>Net cash used in operating activities</i>	<u>(4,199)</u>	<u>(3,787)</u>

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from investing activities		
Interest received	11	5
Purchases of property, plant and equipment	—	(22)
	<u>11</u>	<u>(22)</u>
<i>Net cash generated from/(used in) investing activities</i>	11	(17)
Cash flows from financing activities		
Proceeds from borrowings, net	56,514	7,500
Interest element of lease payment paid	(128)	(141)
Repayments of capital element of lease payment	(1,584)	(1,003)
	<u>54,802</u>	<u>6,356</u>
<i>Net cash generated from financing activities</i>	54,802	6,356
Net increase in cash and cash equivalents	50,614	2,552
Cash and cash equivalents at beginning of the period	16,329	4,180
Effect of foreign exchange rate changes	44	155
	<u>44</u>	<u>155</u>
Cash and cash equivalents at end of the period	<u>66,987</u>	<u>6,887</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Loco Hong Kong Holdings Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office and principal place of business is 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.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated. These unaudited condensed consolidated interim financial statements were authorised for issue by the Directors on 29 August 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules.

The preparations of these unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023 (the “**2023 annual financial statements**”).

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2023 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2024. The adoption of these new or revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated interim financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These unaudited condensed consolidated interim financial statements have not been audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The financial information relating to the year ended 31 December 2023 included in these unaudited condensed consolidated interim financial statements as comparative information does 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 in accordance with 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 for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 annual financial statements.

4. 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-maker that are used to make strategic decision. The Group manages its business by divisions, which are organised 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 segments:

- Trading of metal – Sales of metal.
- Education management services – Provision of education management services.
- Money lending services – Provision of money lending services.

(a) Segment results, assets and liabilities

	Unaudited			Total HK\$'000
	Trading of metal HK\$'000	Education management services HK\$'000	Money lending services HK\$'000	
Six months ended 30 June 2024				
Reportable segment revenue (<i>note (i)</i>)	<u>8,437,963</u>	<u>13,620</u>	<u>–</u>	<u>8,451,583</u>
Reportable segment profit/(loss)	<u>12,285</u>	<u>9,895</u>	<u>(73)</u>	<u>22,107</u>
As at 30 June 2024				
Reportable segment assets	469,958	57,347	–	527,305
Reportable segment liabilities	<u>470,029</u>	<u>5,222</u>	<u>–</u>	<u>475,251</u>

	Unaudited			Total HK\$'000
	Trading of metal HK\$'000	Education management services HK\$'000	Money lending services HK\$'000	
Six months ended 30 June 2023				
Reportable segment revenue (<i>note (i)</i>)	<u>125,700</u>	<u>14,564</u>	<u>–</u>	<u>140,264</u>
Reportable segment (loss)/profit	<u>(419)</u>	<u>10,999</u>	<u>(74)</u>	<u>10,506</u>
As at 31 December 2023 (Audited)				
Reportable segment assets	329,916	52,600	67	382,583
Reportable segment liabilities	<u>325,662</u>	<u>6,461</u>	<u>68</u>	<u>332,191</u>

Note:

- (i) There is no inter-segment revenue for the period.

(b) Reconciliation of reportable segment results

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Reportable segment profit	22,107	10,506
Depreciation of property, plant and equipment	(4)	(5)
Depreciation of right-of-use assets	(592)	(592)
Interest expenses	(152)	(273)
Employee costs	(3,846)	(3,392)
Other unallocated corporate expenses	(8,102)	(3,893)
	<u>9,411</u>	<u>2,351</u>
Profit before income tax expense	<u>9,411</u>	<u>2,351</u>

(c) Disaggregation of revenue

	Unaudited							
	Six months ended 30 June							
	Trading of metal		Education managements services		Money lending services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets								
Hong Kong	1,050,711	103,399	-	-	-	-	1,050,711	103,399
PRC Mainland	7,859	22,301	13,620	14,564	-	-	21,479	36,865
Singapore	7,272,448	-	-	-	-	-	7,272,448	-
United Kingdom	106,945	-	-	-	-	-	106,945	-
	<u>8,437,963</u>	<u>125,700</u>	<u>13,620</u>	<u>14,564</u>	<u>-</u>	<u>-</u>	<u>8,451,583</u>	<u>140,264</u>

(d) Disaggregation of revenue from contracts with customers

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
By timing of revenue recognition:		
Control transferred over time	13,620	14,564
Control transferred at a point in time	8,437,963	125,700
	<u>84,515,583</u>	<u>140,264</u>

5. FINANCE COSTS

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest expenses on borrowings	285	252
Interest expenses on lease liabilities	128	141
	<u>413</u>	<u>393</u>

6. INCOME TAX EXPENSE

The amount of the income tax expense represents the following:

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax	<u>4,643</u>	<u>2,926</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 six months ended 30 June 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 six months ended 30 June 2024 (2023: 25%).

7. DIVIDENDS

The Board does not recommend the payment of any dividend of the Company for the six months ended 30 June 2024 (2023: nil).

8. EARNING/(LOSS) PER SHARE

The calculation of the basic and diluted earning/(loss) per share attributable to the owners of the Company is based on the following data:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company	<u>4,768</u>	<u>(575)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earning/(loss) per share (in thousand)	<u>829,404</u>	<u>829,404</u>

For the six months ended 30 June 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 period. Accordingly, the basic and diluted earning per share are the same.

Diluted loss per share for loss attributable to owners of the Company for the six months ended 30 June 2023 was the same as basic loss per share because the impact of the exercise of share options is anti-dilutive.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Trade receivables	428,026	332,910
Less: provision for loss allowance	<u>(875)</u>	<u>(679)</u>
Trade receivables – net (<i>note</i>)	427,151	332,231
Other receivables and deposits	30,087	26,408
Less: provision for loss allowance	<u>(245)</u>	<u>(208)</u>
Other receivables and deposits – net	29,842	26,200
Prepayments	<u>880</u>	<u>1,440</u>
	<u>457,873</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:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
0 – 30 days	126,069	61,120
31 – 90 days	7,085	222,751
91 – 180 days	277,491	47,414
Over 180 days	16,506	946
	<u>427,151</u>	<u>332,231</u>

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Trade payables	397,687	311,933
Other payables and accruals	3,375	2,762
	<u>401,062</u>	<u>314,695</u>

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
0 – 60 days	108,685	223,843
61 – 90 days	–	1,951
Over 90 days	289,002	86,139
	<u>397,687</u>	<u>311,933</u>

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

11. RELATED PARTY TRANSACTIONS

- (a) Saved as disclosed elsewhere in this announcement, the Group has no any significant related party transactions for the six months ended 30 June 2024 (2023: nil).
- (b) Key management includes members of the board of directors and other members of key management of the Group. Their emoluments are set out as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Salaries and short-term employee benefits	2,904	2,781
Contributions to pension scheme	36	36
	<u>2,940</u>	<u>2,817</u>

12. FINANCIAL INSTRUMENTS

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, loan receivable, trade and other payables and accruals, borrowings and lease liabilities. Due to their short-term nature, the carrying values of the above financial instruments approximates their fair values.

(b) Financial instruments measured at fair value

During the six months ended 30 June 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (unobservable inputs).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2024 (“**1H 2024**” or “**Current Period**”), the Group’s principal activities were broadly divided into metal business, education management services business and money lending services business.

In 1H 2024, the global economy continued to face multiple challenges and uncertainties, but still showed an overall development trend, with the growth rate of global trade picking up, driving the growth of commodity trade. The PRC Mainland was able to achieve overall economic stability while also ensuring progress, bringing favourable opportunities for the Group’s development. In 1H 2024, with unremitting efforts in continuous refinement of business strategies and adoption of various proactive measures, the Group’s overall revenue achieved amounted to HK\$8,451.6 million, representing a significant increase of approximately 5,923.9% (an increase of approximately 59.2 times) as compared to HK\$140.3 million for the six months ended 30 June 2023 (the “**1H 2023**”), and successfully recorded a net profit attributable to owners of the Company of approximately HK\$4.8 million, which far exceeded the performance in 1H 2023 (a net loss attributable to owners of the Company of approximately HK\$0.6 million was recorded in 1H 2023). The results of the principal business demonstrated its essential characteristics of substance, sustainability and development, which is the result of the Group’s unremitting efforts in accumulation and continuous promotion of proactive industrial layout.

I. Metal business

The Group has been engaged in the metal business since 2010, as a business segment of the Group, which has up to now a total operating record of over 14 years. In the past, the Group traded silver, gold and tin, of which silver was the main product. While the Group had operated metal processing in Hong Kong according to the then operating environment in the past, the business model of the metal business is largely the same which focuses on metal trading, with or without processing. Although the metal business faced severe challenges from many uncontrollable factors since 2017, including the significant fluctuation of silver prices, the trade disputes between major countries, the global economic downturn, especially the environmental protection policies and the export quota restrictions of silver scraps from the PRC Mainland; facing adverse factors such as shortage supply of raw materials and shrinking demands as a result of multiple factors such as the global epidemic outbreak, lockdown among international, Hong Kong and the PRC Mainland in 2020, the metal business operated in an extraordinarily difficult environment, the Group has always persevered with the metal business, and continued to unrelentingly promote industry layouts and expansion, continuing to increase the product varieties and enhancing the international trades, also the Group has continued to improve and optimize the product varieties and models according to the changes in the general environment, and decisively terminated inefficient elements, in order to continue to make progress in a stable manner under the volatile global economic environment.

During the Current Period, the Group has actively expanded and diversified the customer base of the metal business and ensured the steady growth of the customer base amidst the challenging environment. The number of customers of the metal business has now reached 16, with a new addition of 7 customers during the Current Period. For 1H 2024, the revenue of the Group's metal business was approximately HK\$8,438.0 million, representing a significant increase of approximately 6,612.8% (an increase of approximately 66.1 times) as compared to approximately HK\$125.7 million for 1H 2023.

The major factors contributing to the substantial growth of the metal business include the sustained growth trend of the metal business in 1H 2024 against the backdrop of a rebound in the growth rate of global trade, as well as the significant enhancement of the metal business in terms of substance, sustainability and development as a result of the accumulation and continuous promotion of the Group's long-term industrial layout, which has led to the successful broadening of product varieties in the metal business and the expansion of international trades. In order to enhance its competitive edge in attracting and retaining customers and suppliers, the Group strictly controlled the contractual fulfilment schedules of its customers and suppliers, ensured timely settlements and deliveries, and focused on building up a good reputation for reliability. Meanwhile, the Group adhered to the integrated development of compliance and internal control and continued to strengthen risk management and control to ensure the development of the metal business in a safe and compliant manner.

During 1H 2024, the domestic economy of the PRC Mainland was generally stable and showed a trend towards improvement. The main customers of the Group's metal business included large-scale comprehensive state-owned enterprises and large-scale key comprehensive enterprises in the PRC Mainland. The trading of metals and mineral products is closely tied to domestic production, construction, and overall economic development. The Group expects that the metal business will continue to benefit from the recovery of the domestic economy in the PRC Mainland and optimistically the business scale of the metal business would be poised for further increase.

In order to further increase profit margin and effectively control risks, the metal business mainly operates metal commodities with relatively transparent prices in international and domestic markets and relatively controllable risks. Meanwhile, the metal business's customers are mainly large-scale state-owned enterprises and large-scale key comprehensive enterprises. Such customers tend to support larger purchase orders, offer a wider range of products, have more stable and continuous demand and supply, and have good reputation and financial strength. By prioritising this type of customer base, the Group aims to achieve sustainable long-term growth, which will further differentiate the Group from the competition.

To ensure the sustainable, efficient and stable development of the metal business and controllable risks, the Group will continue its cooperation with key enterprise customers and pay close attention to market trends and customer needs, while actively expanding its own resources to diversely develop towards new metal products.

For further overview prospect of the metal business segment, please refer to the 2023 annual report of the Group.

II. Education management services business

As at 30 June 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 schools and education institutions in the PRC Mainland.

Since the introduction of the education management services business by the Group in 2019, the education management services business has a rich operating record and achieved well results. Although the education management services business has been severely and adversely affected by multiple uncontrollable factors such as severely hit by the global pandemic in 2020, and the introduction of the national relevant policies on the rectification and reform of education in 2021, the Group has never slackened its efforts, but has actively responded to and comprehensively deployed, timely adjusted its business strategy, and shifted the education management services business focus to the fields of art and sports education, humanities education and well-rounded education encouraged by the national education policy as well as educational books distribution. The new business strategy has achieved initial results in 2022, with a number of new contracted customers in the above-mentioned education fields. In 2023, with the gradual return to normalcy of domestic education and teaching as well as students’ extracurricular courses and activities in the PRC Mainland, the Group was able to capture the growth in demand and the education management services business presented a good recovery trend as a whole and achieved significant growth in revenue. In 1H 2024, the education management services business continued to grow steadily.

* *English name for identification purpose only*

For 1H 2024, the education management services business recorded a revenue of approximately HK\$13.6 million, which was comparable to approximately HK\$14.6 million for the same period of last year.

For further overview prospect of the education management services business segment, please refer to the 2023 annual report of the Group.

III. Provision of money lending services

As at 30 June 2024, the credit risk in the money lending services remained high as the global economic and social development remained uneven and uncertain. Due to the uncertain economic situation and business outlook, the Group strictly adheres to a prudent credit assessment and review policy 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 money lending services 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 Period (for the six months ended 30 June 2023: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group had a total revenue of approximately HK\$8,451.6 million (for the six months ended 30 June 2023: approximately HK\$140.3 million), representing an increase of approximately 5,923.9% as compared with the six months ended 30 June 2023. For the six months ended 30 June 2024, the Group recorded a profit of approximately HK\$4.8 million (for the six months ended 30 June 2023: loss of approximately HK\$0.6 million), representing a turn from loss to profit as compared with the six months ended 30 June 2023. The turn from loss to profit was mainly attributable to the net effect of:

- (i) an increase in the Group's total revenue of approximately HK\$8,312.3 million as discussed above;
- (ii) the carrying value of inventories sold was recognised approximately HK\$8,422.8 million (for the six months ended 30 June 2023: approximately HK\$125.1 million);
- (iii) a increase in employee costs of approximately HK\$0.9 million; and
- (iv) a increase in other operating expenses of approximately HK\$4.8 million, including one-off legal and professional fee attributable to resumption of trading in the Company's shares on the Stock Exchange amounting approximately HK\$3.1 million.

For six months ended 30 June 2024, the Group's profit attributable to owners of the Company was approximately HK\$4.8 million, as compared to the loss attributable to owners of the Company of approximately HK\$0.6 million for the six months ended 30 June 2023.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had cash and bank balances of approximately HK\$67.0 million (31 December 2023: approximately HK\$16.3 million) and net current assets of approximately HK\$38.3 million (31 December 2023: approximately HK\$32.7 million). As at 30 June 2024, the current ratio stood at 1.1 times (31 December 2023: 1.1 times).

The Group generally finances its operations primarily with internally generated cash and borrowings. The increase in cash and bank balances of approximately HK\$50.7 million when compared with 31 December 2023 is mainly attributable to the net proceeds from borrowings, profit for the period and increase in the trade and other payables, netting off by the increase in the trade and other receivables.

As at 30 June 2024, the Group had outstanding borrowings of approximately HK\$79.6 million (31 December 2023: approximately HK\$23.1 million). The borrowings represent loans denominated in HK\$, the United States dollar (“USD”) and the Renminbi (“RMB”) from shareholders of the Company bearing interest at 2.5% per annum which are unsecured and are repayable within one year.

As at 30 June 2024, no banking facilities were granted to the Group (31 December 2023: Nil). The Directors believed that the Group has adequate financial resources to fulfill its commitments and working capital requirements.

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 30 June 2024, the gearing ratio was 27.7% (31 December 2023: 23.9%).

CHARGE ON THE GROUP’S ASSETS

As at 30 June 2024, no Group’s asset was pledged as security (31 December 2023: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have any concrete plan for material investments or capital assets.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2024, the Group did not have any significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures.

CAPITAL COMMITMENT

As at 30 June 2024, the Group did not have any significant capital commitment (31 December 2023: Nil).

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 USD and 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.

CONTINGENT LIABILITIES

As at 30 June 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 our Group (31 December 2023: Nil) and there has not been any material change in the contingent liabilities of the Group since 30 June 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed a total of 23 staff (31 December 2023: 23). The total of employee remuneration, including remuneration of the Directors, for the six months ended 30 June 2024 amounted to approximately HK\$6.0 million (for the six months ended 30 June 2023: approximately HK\$5.1 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 upon the financial performance of the Group.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: nil).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

Ordinary shares and underlying ordinary shares of the Company

Name of Directors/ chief executives	Nature of interests	Number of ordinary shares held	Total	Approximate percentage of shareholding <i>(Note 1)</i>
Executive Director:				
Zhang Siyuan <i>(Note 2)</i>	Interest of controlled corporation	192,980,000	192,980,000	23.27%

Note 1: The approximate percentage of shareholding was calculated based on the total number of ordinary shares in issue, being 829,404,000 shares as at 30 June 2024.

Note 2: Mr. Zhang Siyuan holds the shares through his wholly-owned company, FIAS (HONG KONG) CO., LIMITED.

Short Positions

As at 30 June 2024, no short positions of Directors or chief executive in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Company, as at 30 June 2024, the following persons/entities (other than the Directors and chief executive of the Company as disclosed above) have interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Nature of interests	Number of ordinary shares held	Approximate percentage of shareholding (Note 1)
FIAS (HONG KONG) CO., LIMITED (Note 2)	Beneficial owner	192,980,000	23.27%
Hon Pok	Beneficial owner	76,000,000	9.16%
Zhang Bo	Beneficial owner	45,000,000	5.43%
Poon Kwan Ho	Beneficial owner	46,000,000	5.55%

Notes:

1. The approximate percentage of shareholding was calculated based on the total number of ordinary shares in issue, being 829,404,000 shares as at 30 June 2024.
2. FIAS (HONG KONG) CO., LIMITED is wholly owned by Mr. Zhang Siyuan, the executive Director.

Save as disclosed above, no other interests or short positions of any persons/entities (other than the Directors and the chief executive of the Company) in the shares or underlying shares of the Company were recorded in the register or as otherwise notified to the Company and the Stock Exchange as at 30 June 2024.

SHARE OPTIONS

The Company adopted a share option scheme on 22 July 2014 (the “**Share Option Scheme**”), please refer to the Company’s 2023 annual report for details. A summary of the share options granted under the Share Option Scheme are as follows:

Type of Participants	Grant Date	Exercise price per share <i>HK\$</i>	Exercise period	Number of share options and underlying shares					Outstanding as at 30.6.2024
				Outstanding as at 1.1.2024	Granted	Exercised	Cancelled	Lapsed	
Employees	10.4.2015	0.78	10.4.2015 – 9.4.2025	160,000	-	-	-	-	160,000
Others	10.4.2015	0.78	10.4.2015 – 9.4.2025	120,000	-	-	-	-	120,000
				<u>280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,000</u>

The fair value of equity-settled share options granted during the year ended 31 December 2015 was HK\$0.319 per option, amounted to approximately HK\$520,000 in aggregate. It was estimated as at 10 April 2015, being the date of grant, using the Black-Scholes Option Pricing Model and taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the estimation of the fair value are as follows:

Share price at date of grant	HK\$0.78
Exercise price	HK\$0.78
Volatility	45.90%
Risk-free interest rate	1.09%
Dividend yield	0%
Expected life of option	5 years

The expected life of the options may not be necessarily indicative of the exercise pattern that may occur. The expected volatility reflects the assumption that the historical volatility of comparable companies are indicative of future trends, which may also not necessarily be the actual outcome.

Estimation of the value of the share options is subjective and uncertain as such values are subject to a number of assumptions and with regard to the limitation of the model. The expected volatility is based on the historical volatility reflecting the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected early exercise multiplier is also estimated and is not necessarily indicative of the exercise patterns that may occur.

All significant features necessary to be considered for the measurement of fair values of the share options granted during the period were incorporated into such measurement.

No share options was granted, exercised, lapsed and cancelled during six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil). Given that no share option has been granted under the Share Option Scheme during the reporting period, it is not applicable for the Company to set out the number of shares that may be issued in respect of the share options granted under such scheme during the reporting period divided by the weighted average number of shares of the relevant class in issue for the reporting period.

The total number of share options available for grant under the Share Option Scheme as of 1 January 2024 and 30 June 2024 were 57,147,000 and 57,147,000, respectively.

The remaining life of the share option granted on 10 April 2015 under the Share Option Scheme as at 30 June 2024 was approximately 9 months.

The Group did not recognised employee costs for the six months ended 30 June 2024 and 2023 in relation to share options granted by the Company.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETITION AND CONFLICT OF INTEREST

During the six months ended 30 June 2024, to the best knowledge of the Directors, none of the Directors, management, shareholders or substantial shareholders of the Company or any of its respective associates had engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

During the six months ended 30 June 2024, to the best knowledge of the Board, the Company had complied with the code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules (“**Code Provisions**”).

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 had complied with the standards of dealings and the code of conduct regarding securities transactions carried out by Directors adopted by the Company throughout the six months ended 30 June 2024.

Audit Committee

The Company established 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 D.3.3 of the Code Provisions. The duties of the Audit Committee include reviewing, in draft form, our annual report and accounts, interim report and, if prepared for publication, 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 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 three independent non-executive Directors, namely Mr. Zhou Tianshu (Chairman), Ms. Wu Liyan and Ms. Wong Susan Chui San.

The Audit Committee has reviewed this interim results announcement, including the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024, prior to recommending them to the Board for approval.

Remuneration Committee

The Company established the remuneration committee (the “**Remuneration Committee**”) on 22 July 2014 with written terms of reference in compliance with E.1.2 of the Code Provisions. Amongst other things, the primary duties of the Remuneration Committee are to make recommendations to the Board on remuneration packages of all of our executive Directors and senior management, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on remuneration of independent non-executive Directors.

As at the date of this announcement, the Remuneration Committee comprises one executive Director, namely Mr. Wang Wendong, and three independent non-executive Directors, namely Ms. Wu Liyan (Chairlady), Mr. Zhou Tianshu and Ms. Wong Susan Chui San.

Nomination Committee

The Company established the nomination committee (the “**Nomination Committee**”) on 22 July 2014 with written terms of reference that was amended and adopted with effect from 2 January 2019 in compliance with B.3.1 of the Code Provisions. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment and succession planning of our Directors. During the period, the diversity of the Board members was achieved by considering of a number of aspects, including but not limited to gender, age, culture and education background, professional experience, skills, knowledge and length of service of each Director. The Company recognises and embraces the benefits of diversity of the Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’ s business.

As at the date of this announcement, the Nomination Committee comprises one executive Director, namely Mr. Zhang Siyuan (Chairman) and two independent non-executive Directors, namely Mr. Zhou Tianshu and Ms. Wu Liyan.

Executive Committee

The Company established the executive committee (the “**Executive Committee**”) on 19 December 2016 with written terms of reference. The Executive Committee is mainly responsible for monitoring the formulation, revision and implementation of the Company’s strategic plan and monitor the operation of its subsidiaries.

As at the date of this announcement, the Executive Committee comprises two executive Directors, namely Mr. Zhang Siyuan (Chairman) and Mr. Fung Chi Kin and one independent non-executive Director, namely Mr. Zhou Tianshu.

UPDATE OF DIRECTOR’S INFORMATION

There has been no update in the biographical details of the Directors further to those disclosed in the 2023 annual report of the Company.

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

Hong Kong, 29 August 2024

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.