



**LOCO HONG KONG HOLDINGS LIMITED**

**港銀控股有限公司**

(Stock Code: 8162)

*(incorporated in Hong Kong with limited liability)*

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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.**

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*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 the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement shall remain on GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the day of its posting and on the Company’s website at [www.locohongkong.com](http://www.locohongkong.com).*

The Board of Directors of the Company (the “Board”) is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 with comparative figures for the previous period as follows.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	(Unaudited)			
		Six months ended 30 June		Three months ended 30 June	
		2015	2014	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue					
— Sales of metal		563,679	1,299,107	281,411	600,458
— Interest income from customers and suppliers		1,913	743	1,072	478
— Order commission		97	20	76	2
		<b>565,689</b>	1,299,870	<b>282,559</b>	600,938
Trading gains/(losses) on commodity forward contracts		(919)	8,662	1,149	(4,270)
Other income		31	45	16	15
Total income		<b>564,801</b>	1,308,577	<b>283,724</b>	596,683
Inventories consumed		(557,598)	(1,295,199)	(280,253)	(589,438)
Staff costs		(2,878)	(1,444)	(1,691)	(788)
Depreciation		(370)	(436)	(189)	(223)
Foreign exchange gain/(loss)		2	(158)	1	507
Listing expenses		—	(6,818)	—	(3,409)
Other operating expenses		(2,894)	(2,494)	(1,632)	(986)
Gain on disposal of property, plant and equipment		775	—	694	—
Profit from operations		<b>1,838</b>	2,028	<b>654</b>	2,346
Finance costs	5	(188)	(1,252)	(96)	(478)
Profit before income tax expense		<b>1,650</b>	776	<b>558</b>	1,868
Income tax expense	6	(206)	(1,311)	—	(700)
<b>Profit/(loss) and total comprehensive income/(loss) for the period</b>		<b>1,444</b>	(535)	<b>558</b>	1,168
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings/(losses) per share	8	<b>0.36</b>	(0.32)	<b>0.14</b>	0.69

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 June 2015 <i>HK\$'000</i>	(Audited) 31 December 2014 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		2,077	3,119
Investment property		1,886	1,927
		3,963	5,046
<b>Current assets</b>			
Inventories		21,780	41,778
Accounts receivable, other receivable, deposits and prepayments	9	29,998	27,927
Derivative financial assets		172	2
Cash and cash equivalents		65,878	37,314
		117,828	107,021
<b>Current liabilities</b>			
Accounts payable, accruals and deposits received	10	20,292	22,524
Derivative financial liabilities		572	630
Bank loans	11	9,712	—
Tax payable		993	787
		31,569	23,941
<b>Net current assets</b>		<b>86,259</b>	<b>83,080</b>
<b>Total assets less current liabilities/ Net assets</b>		<b>90,222</b>	<b>88,126</b>
<b>Capital and reserves</b>			
Share capital	12	85,830	85,643
Reserves		4,392	2,483
<b>Total equity</b>		<b>90,222</b>	<b>88,126</b>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION**

The Company is a limited liability company incorporated in Hong Kong on 14 January 2014. The addresses of its registered office and principal place of business are Room 2003, 118 Connaught Road West, Hong Kong.

The Group are principally engaged in the trading of metals and commodity forward contracts in Hong Kong as well as property holding.

In connection with the listing of the shares of the Company on the GEM, the Company underwent a reorganization (the “Reorganisation”) and the Company has become the holding company of its subsidiaries now comprising the Group since 23 July 2014. The shares of the Company were listed on the GEM on 5 August 2014 (the “Listing”). Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 29 July 2014 (the “Prospectus”).

The Group is regarded as a continuing entity resulting from the Reorganisation as there is no change in the economic substance of the Group. Accordingly, these unaudited condensed consolidated financial statements have been prepared using the merger accounting as if the Reorganisation had been completed at 1 January 2014 and the current group structure had always been in existence.

The condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2014 and 2015, and the condensed consolidated statements of comprehensive income for the three months ended 30 June 2014 and 2015, include the results and cash flows of all companies now comprising the Group as if the current structure had been in existence throughout the respective periods.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), except for the adoption of the new and revised HKFRSs as disclosed in note 3 below.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES** *(continued)*

These condensed consolidated interim financial statements have been prepared under historical cost convention, except for certain financial instruments and inventory, which are measured at fair value. These condensed consolidated interim financial statements are presented in Hong Kong dollars.

These condensed consolidated interim financial statements have not been audited but have been reviewed by the audit committee of the Company and was approved for issue by the Directors on 11 August 2015.

The financial information relating to the year ended 31 December 2014 included in these 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 (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap.622).

The Company's auditor has reported on the financial statements for the year ended 31 December 2014. 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 Companies Ordinance (Cap.622).

### **3. CHANGES IN ACCOUNTING POLICIES**

The Group has adopted the following new and revised HKFRSs which are effective during the current accounting period:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above new and revised HKFRSs has had no significant financial impact on the Group's results and financial position. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **4. OPERATING SEGMENTS INFORMATION**

The information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the executive Directors have determined that the Group has only one single reportable segment which is metal trading, and no further operating segment analysis thereof is presented.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

**5. FINANCE COSTS**

	<b>(Unaudited)</b>			
	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interests on bank loans, wholly repayable within five years	<b>128</b>	309	<b>66</b>	182
Interests on amount due to a related company	—	868	—	260
<b>Total interest expenses</b>	<b>128</b>	1,177	<b>66</b>	442
Bank charges	<b>60</b>	74	<b>30</b>	36
Interests on a finance lease	—	1	—	—
	<b>188</b>	1,252	<b>96</b>	478

**6. INCOME TAX EXPENSE**

The amount of the income tax expense represents the following:

	<b>(Unaudited)</b>			
	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current tax — Hong Kong profits tax charge for the period	<b>206</b>	1,311	—	700

The Company and its subsidiaries are subject to Hong Kong profits tax at the tax rate of 16.5% (2014: 16.5%) on the estimated assessable profits during the respective periods.

**7. DIVIDENDS**

The Board does not recommend the payment of any dividend of the Company for the six months ended 30 June 2015 (2014: nil). Dividends declared and paid by China Precision Material Limited (“CPM”), a subsidiary of the Company, to the then shareholders for the six months ended 30 June 2014 was HK\$1,500,000.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

**8. EARNINGS/(LOSSES) PER SHARE**

The calculation of the basic and diluted earnings/(losses) per share are based on:

	<b>(Unaudited)</b>			
	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Profit/(loss) attributable to owners of the Company (HK\$'000)	<b>1,444</b>	<b>(535)</b>	<b>558</b>	<b>1,168</b>
Weighted average number of ordinary shares for the purpose of basic earnings/(losses) per share	<b>400,022,541</b>	169,141,978*	<b>400,044,835</b>	169,141,978*
Effect of diluted potential ordinary shares:				
Share options	<b>166,331</b>	N/A	<b>251,608</b>	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings/(losses) per share	<b>400,188,873</b>	169,141,978 <sup>#</sup>	<b>400,296,443</b>	169,141,978 <sup>#</sup>

\* after adjustment for the bonus issue pursuant to the Reorganisation (note 1).

<sup>#</sup> no dilutive potential ordinary shares in issue in 2014.

**9. ACCOUNTS RECEIVABLE, OTHER RECEIVABLE, DEPOSITS AND PREPAYMENTS**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Accounts receivable from customers	<b>7,834</b>	15,898
Margin deposits for commodity forward contracts	<b>21,604</b>	11,312
Deposits and prepayments	<b>286</b>	443
Deposit paid to a related party	<b>274</b>	274
	<b>29,998</b>	27,927

Credit period granted to customers range from 0 to 2 days.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 9. ACCOUNTS RECEIVABLE, OTHER RECEIVABLE, DEPOSITS AND PREPAYMENTS *(continued)*

The ageing analysis of accounts receivable from customers, based on invoice date, as at the end of the reporting period is as follows:

	<b>(Unaudited)</b> <b>30 June 2015</b> <i>HK\$'000</i>	<b>(Audited)</b> 31 December 2014 <i>HK\$'000</i>
Current	<b>7,834</b>	15,898

### 10. ACCOUNTS PAYABLE, ACCRUALS AND DEPOSITS RECEIVED

	<b>(Unaudited)</b> <b>30 June 2015</b> <i>HK\$'000</i>	<b>(Audited)</b> 31 December 2014 <i>HK\$'000</i>
Accruals	<b>877</b>	1,597
Trade deposits received	—	690
Deposit received from a related company	<b>104</b>	—
Margin deposits for commodity forward contracts	<b>19,311</b>	20,237
	<b>20,292</b>	22,524

### 11. BANK LOANS

The loan was a revolving bank loan bearing interest at 2.731% per annum secured by a corporate guarantee provided by the Company. The loan has been fully repaid on 10 July 2015.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. SHARE CAPITAL

	Number of Shares	Share Capital HK\$'000
<b>Issued and fully paid:</b>		
Upon incorporation (note a)	1	—
Issue of shares pursuant to the Reorganisation (note b)	19,999,999	21,357
Issue of bonus shares (note c)	149,141,978	—
Shareholder loan capitalisation (note d)	110,858,022	27,715
Issue of shares by placing (note e)	120,000,000	36,571
<hr/>		
<b>At 31 December 2014</b>	400,000,000	85,643
Issue of ordinary shares upon exercise of share options (note f)	170,000	187
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<b>At 30 June 2015</b>	400,170,000	85,830
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*Notes:*

- a. The Company was incorporated in Hong Kong on 14 January 2014. Upon incorporation, 1 ordinary share was allotted and issued.
- b. On 23 July 2014, pursuant to the Reorganisation (note 1), the Company issued 19,999,999 ordinary shares at the consideration of approximately HK\$21,357,000 to the then shareholders of CPM for the entire issued capital of CPM.
- c. On 25 July 2014, additional of 149,141,978 ordinary shares were allotted and issued by way of bonus to the shareholders.
- d. On 4 August 2014, the Company allotted and issued 110,858,022 ordinary shares to a shareholder in full satisfaction of a loan of approximately HK\$27,715,000 due from the Company to the shareholder.
- e. On 5 August 2014, 120,000,000 ordinary shares were issued by placing at HK\$0.36 per share (“Placing”). Approximately HK\$36,571,000 was credited to share capital.
- f. On 10 April 2015, 1,630,000 share options were granted for a total consideration of HK\$31 to directors of the Company and employees of the Group under the Company’s employee share option scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company upon acceptance until 9 April 2025. The exercise price is HK\$0.78 per share, being the closing price of the Company’s ordinary shares immediately before the grant. During the six months ended 30 June 2015, 170,000 options were exercised.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Reorganisation**

The companies now comprising the Group completed the Reorganisation immediately before the Listing of the Company's shares on GEM on 5 August 2014. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

On 4 August 2014, the Company placed a total of 120,000,000 ordinary shares at the placing price of HK\$0.36 per share and issued 110,858,022 ordinary shares to a shareholder, credited as fully paid-up, in consideration of capitalization of the loan due by the Group to the shareholders in the amount of approximately HK\$27.7 million (the "Loan Capitalisation").

The Company's shares were successfully listed on GEM on 5 August 2014.

### **Business Review**

The international silver price remained at a comparatively low level throughout the period under review, that caused the overall supply of silver scraps in Hong Kong dropped. As a result, both the quantity of silver processed and sold by the Group dropped substantially during the period.

For the six months ended 30 June 2015, the Group processed approximately 132 tonnes of silver products (2014: approximately 247 tonnes) which represented a decrease of 46% when compared with the correspondence period in 2014.

For the six months ended 30 June 2015, the sales of processed silver products decreased by 45% to approximately 132 tonnes (2014: approximately 239 tonnes), and the direct trading of silver products decreased by 89% to approximately 2 tonnes (2014: approximately 22 tonnes).

In this connection, the revenue of the Group, which is mainly contributed by the sales of silver products, dropped by 57% for six months ended 30 June 2015 as compared to the corresponding period of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Outlook

The demand and supply of the physical silver market during the period ended 30 June 2015 were adversely affected by the decrease in silver price and the global economic conditions. The silver price decreased by 25% from US\$21.03 per ounce on 30 June 2014 to US\$15.74 per ounce on 30 June 2015 and maintained at the level of around US\$15 per ounce for most of the period in July 2015. Due to the relatively low international silver price, the overall supply of silver scraps may remain inadequate and the volume of the silver processing and sales of the Group may still be adversely affected. According to the statistics released by the Hong Kong Census and Statistic Department, the total re-export of silver in Hong Kong reduced by 46% from 1,743 tonnes for the five months ended 31 May 2014 to 941 tonnes for the same period in 2015. Our reduced turnover in the corresponding period of 2014 and 2015 represented a slight decrease of only 0.9% of our market share in the silver market of Hong Kong. Under the current market conditions, it is expected that our turnover will remain at low level even if we can maintain our market share.

The Group will keep closely monitoring the global economic situation and will take immediate and necessary action to address the market challenges. To boost its profit in the long run, the Group is still studying the possibility of branching out its businesses by building a raw material supply base in China.

### Financial Review

For the six months ended 30 June 2015, the Group recorded a total income of approximately HK\$0.6 billion, representing a decrease of 57% against the corresponding period in 2014. Profit for the period under review was approximately HK\$1.4 million, as compared to the loss of approximately HK\$0.5 million recorded in the corresponding period of last year.

The loss incurred in last year was due to the recognition of the listing expenses of approximately HK\$6.8 million. If ignoring such expense, the Group should have recorded a profit for the six months ended 30 June 2014 of approximately HK\$6.3 million. Under this scenario, the profit recorded for the current period was dropped by 77% as compared with the corresponding period of last year even though a gain on disposal of property plant and equipment of approximately HK\$0.7 million was recorded during the period. The decrease of profit was mainly due to (i) the decrease in sales of silver products which in turn was caused by the inadequate silver supply, and (ii) increase in staff cost by 99% to approximately HK\$2.9 million as more staff was employed in current period as compared to last corresponding period and approximately HK\$0.5 million was provided for the share option granted on 10 April 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Capital Structure, Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and bank balances of approximately HK\$65.9 million (31 December 2014: approximately HK\$37.3 million) and net current assets of approximately HK\$86.3 million (31 December 2014: approximately HK\$83.1 million). As at 30 June 2015, the current ratio stood at 3.73 times (31 December 2014: 4.47 times).

The Group generally finances its operations primarily with internally generated cash flow and borrowings.

As at 30 June 2015, the Group had outstanding borrowings of approximately HK\$9.7 million (31 December 2014: Nil). The details of the outstanding borrowings are as follows:

		30 June 2015		31 December 2014
	Outstanding	Interest rate	Outstanding	Interest rate
Bank borrowings	US\$1,250,000	2.731% p.a.	—	—

As at 30 June 2015, the Group has banking facilities in aggregate amount of approximately HK\$87.7 million. The Directors believe that the Group has adequate financial resources to fulfill its commitments and working capital requirements.

### Gearing ratio

As at 30 June 2015, the Group's gearing ratio was 11% (31 December 2014: Nil), based on total interest bearing borrowings of approximately HK\$9.7 million and equity attributable to owners of the Company of approximately HK\$90.2 million. The increase in the ratio was mainly attributable to increase in bank borrowings during the period under review.

### Charge on the Group's assets

As at 30 June 2015, no Group's asset is 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Significant investments, acquisitions and disposals**

There were no significant investment held as at 30 June 2015, nor other material acquisitions and disposals of subsidiaries during the period.

### **Capital commitment**

As at 30 June 2015, the Group did not have any significant capital commitment.

### **Foreign Exchange Exposure**

Material fluctuations in foreign exchange rates may adversely affect our business and performance.

Our sales, purchases and borrowings are predominantly denominated in US\$. However, some of our receipt, payment and expenses are settled in RMB and HK dollars and therefore we are subject to currency risks. The exchange rate of US\$ to Hong Kong dollars has been relatively stable throughout the period under review, the exposure to US\$ exchange rate fluctuations is minimal. The exchange rates of different currencies are subject to continuous movements affected by international political and economic conditions and changes in the PRC government's economic and monetary policies. The possible ongoing appreciation of the RMB against the relevant foreign currencies would have an adverse effect on purchasing power of the relevant foreign currencies and our business and performance.

The Group does not currently engage in foreign currency hedging activities.

### **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 the Group as at 30 June 2015 and there has not been any material change in the contingent liabilities of the Group since 30 June 2015.

### **Employees and remuneration policy**

As at 30 June 2015, the Group employed a total of 18 staff. The total of employee remuneration, including remuneration of the Directors, for the six months ended 30 June 2015 amounted to approximately HK\$2.9 million.

Staff remuneration is reviewed by the Group from time to time and increases are granted normally annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides staff benefits including outpatient medical reimbursement 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.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Comparison of business objectives with actual business progress

#### Business Objectives for the six months ended 30 June 2015

#### Actual Business Progress for the six months ended 30 June 2015

##### Expansion of our trading business

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Continue to develop relationship with existing and potential customers and suppliers of silver, gold and other metals</li><li>• Recruit additional trading staff to cope with increasing trading activities</li><li>• Continue to liaise with members of CGSE to promote silver to local investors</li></ul> | <ul style="list-style-type: none"><li>• The Group continued to trade with existing customers and suppliers and has 2 new suppliers and 1 new customer of silver.</li><li>• The Group did not recruit additional trading staff due to the current market conditions.</li><li>• The Group continued to have a stable relationship with CGSE and local investors.</li></ul> |
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##### Expansion and maintenance of processing facilities

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Obtain licenses required and commence using our electrolysis facilities</li><li>• Expand raw material procurement to cover materials with a lower fineness</li><li>• Evaluate effectiveness and efficiency of our existing processing facilities after building the testing laboratory</li></ul> | <ul style="list-style-type: none"><li>• The registration and licenses required for electrolysis activities were completed in early 2015. The electrolysis facilities are ready for use, subject to the market condition.</li><li>• The Group did not expand the raw material procurement with lower fineness during the period due to shortage of market supply.</li><li>• The set up of the testing laboratory has been completed. The Group is laying down the plan on evaluating the effectiveness and efficiency of the existing processing facilities after fine-tuning certain equipments of the laboratory.</li></ul> |
|--|--|

##### Use of proceeds

The planned use of the proceeds as stated in the Prospectus were based on the best estimation of future market condition made by the Group at the time of preparing the Prospectus. The net proceeds of approximately HK\$28.5 million was raised from the Placing and was used according to the plan and adjusted for the actual market development. During the period from the date of Listing to 31 December 2014, the net proceeds had been fully applied.

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

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

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, Alliance Capital Partners Limited ("Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 March 2014 and effective on 5 August 2014, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 11 August 2015 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

During the six months ended 30 June 2015, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

By order of the Board  
**Loco Hong Kong Holdings Limited**  
**Felipe Tan**  
*Chairman*

#### *Executive Directors:*

*Mr. Felipe Tan (Chairman)*

*Ms. Chau Mei Fan*

#### *Independent non-executive Directors:*

*Mr. Chan Ka Ling Edmond*

*Mr. Tang Cornor Kwok Kau*

*Ms. Tsang Wai Chun Marianna*

Hong Kong, 11 August 2015