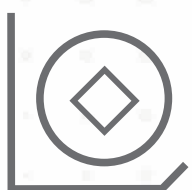




FIRST
QUARTERLY
REPORT

2017



Loco Hong Kong Holdings Limited
港銀控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8162)

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 report, 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 report 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 report misleading.

This report shall remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the day of its posting and on the Company’s website at www.locohkholdings.com.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Three months ended 31 March	
	Note	2017 HK\$'000	2016 HK\$'000
Revenue			
– Sales of metal		450,718	158,272
– Interest income from customers and suppliers		1,162	1,097
– Processing fee		184	83
– Order commission		14	87
– Sales of information technology products		30,788	–
		482,866	159,539
Trading losses on commodity forward contracts		(1,842)	(950)
Other income		154	65
Total income		481,178	158,654
Cost of sales and carrying value of inventories sold		(473,630)	(155,259)
Employee costs		(4,114)	(1,726)
Depreciation		(451)	(291)
Rental expenses		(1,267)	(417)
Fair value loss on investments held for trading		(1,074)	–
Other operating expenses		(2,072)	(990)
Loss from operations		(1,430)	(29)
Finance costs	3	(1,287)	(59)
Loss before income tax expense		(2,717)	(88)
Income tax expense	4	(352)	–
Loss for the period		(3,069)	(88)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operation		319	–
Total comprehensive income for the year		(2,750)	(88)
		HK cents	HK cents
Basic and diluted loss per share	6	(0.77)	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share option reserve HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	85,830	459	(1,357)	-	3,533	88,465
Loss and total comprehensive income for the period	-	-	-	-	(88)	(88)
Transactions with owner:						
Lapse of share options	-	(3)	-	-	3	-
At 31 March 2016 (Unaudited)	85,830	456	(1,357)	-	3,448	88,377
At 1 January 2017 (Audited)	85,830	421	(1,357)	(120)	6,441	91,215
Loss for the period	-	-	-	-	(3,069)	(3,069)
Other comprehensive income:						
Exchange differences on translating foreign operation	-	-	-	319	-	319
Total comprehensive income for the period	-	-	-	319	(3,069)	(2,750)
At 31 March 2017 (Unaudited)	85,830	421	(1,357)	199	3,372	88,465

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 the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office and principal place of business is Room 1702, 17/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong.

The Company and its subsidiaries (the “Group”) are principally engaged in the trading of metals, information technology products and commodity forward contracts in Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group’s unaudited consolidated results for the three months ended 31 March 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. The accounting policies adopted in preparing these first quarterly results are consistent with those used in the Company’s annual audited consolidated financial statements for the year ended 31 December 2016. The first quarterly results are unaudited but have been reviewed by the Company’s audit committee.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), including applicable Hong Kong Accounting Standards (“HKASs”) and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the Group’s unaudited quarterly financial statements include applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the value of the consideration given in exchange for goods.

The principal accounting policies applied in the preparation of the unaudited condensed consolidated financial statement for the three months ended 31 March 2017 are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2016.

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

3. FINANCE COSTS

	(Unaudited) Three months ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Interests on bank loans	–	32
Interests on convertible bonds	1,040	–
Interest on loan from a related company	235	–
<hr style="border-top: 1px dashed black;"/>		
Total interest expenses	1,275	32
Bank charges	12	27
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	1,287	59

4. INCOME TAX EXPENSE

The amount of the income tax expense represents the following:

	(Unaudited) Three months ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Current tax – Hong Kong profits tax charge for the period	352	–

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the period.

No provision for People Republic of China (“PRC”) Enterprise Income Tax as the Company’s subsidiary has no estimate assessable profit for the period.

5. DIVIDENDS

The Board does not recommend the payment of any dividend of the Company for the three months ended 31 March 2017 (2016: nil).

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

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on:

	(Unaudited) Three months ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Loss for the purpose of basic loss per share	(3,069)	(88)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	400,170,000	400,170,000

For the three months ended 31 March 2017 and 31 March 2016, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in decrease in loss per share for the period. Accordingly, the basic and diluted loss per share are the same.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's income was mainly generated from the sale of silver products. During the period under review, the silver market price increase on average as compared with the same period from last year. For the three months ended 31 March 2017, the Group processed approximately 93 tonnes (2016: 31 tonnes) of silver scrap. The total processing volume represented an increase of 200% when compared with the same period last year. For the three months ended 31 March 2017, the Group recorded a revenue from sales of metal of approximately HK\$450 million (2016: HK\$158 million), representing an increase of 185% as compared with last year, of which 93% (2016: 76%) was contributed by sale of silver products and the remaining were contributed by sale of gold and tin.

Shenzhen New Era Health Science And Technology Holdings Limited (深圳時代健康科技控股有限公司), a newly established subsidiary of the Company in People's Republic of China has started operation of trading business and contributed approximately HK\$31 million revenue to the Group during the period under review.

United Worth Finance Limited, a subsidiary of the Company has obtained a money lenders license (under Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong) on 28 March 2017 and has prepared to start money lending business in the near future.

Outlook

Following the bounce in silver market price in 2016, the silver market price recorded further rose approximately 11.21% from US\$16.24 per ounce at the beginning of the year to US\$18.06 per ounce on 31 March 2017. We expect the silver price as well as silver supply will support the Group on its way to recover into profit.

The Group will continue to carry on its sales of metal, which mainly from silver products in the coming future. As our trading business in PRC has been started during the period and the money lender business is expected to be started in the near future, the Group expect the fluctuation of silver market price which materially affect the performance of the Group will become minimal.

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 generate maximum returns for all the shareholders.

Financial Review

For the three months ended 31 March 2017, the Group had a total income of approximately HK\$483 million (2016: HK\$159 million), representing an increase of 204% as compared with the same period of 2016. The Group recorded loss of approximately HK\$3,069,000 (2016: HK\$88,000) for the first quarter. The increase in loss was due to increase in employee cost, finance cost (interest on convertible bonds) and fair value loss on investment held for trading.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Significant investments, acquisitions and disposals

There were no significant investment held as at 31 March 2017, nor other material acquisition and disposals of subsidiary during the period.

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 31 March 2017.

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

As at 31 March 2017, the interests and short positions of the Directors and the chief executives 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

(a) Ordinary shares of the Company

Name of Directors/ Chief Executives	Nature of Interests	Number of shares	% of shareholding
Felipe Tan ("Mr. Tan")	Interest of a controlled corporation & beneficial owner	40,510,000 <i>(Note)</i>	10.12%

Note: Mr. Tan directly and indirectly owned 68.96% equity interests in GobiMin Inc. which held 100% equity interests in GobiMin Investments Limited, which in turn held 100% equity interests in GobiMin Silver Limited, the substantial shareholder of the Company. By virtue of the SFO, Mr. Tan, GobiMin Inc. and GobiMin Investments Limited are deemed to have interest in the 40,260,000 ordinary shares of the Company held by GobiMin Silver Limited. Mr. Tan was granted by the Company 250,000 share options on 10 April 2015 pursuant to the Company's option scheme.

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

(Continued)

Long positions (Continued)

(b) Interests in shares of associated corporation of the Company

Name of Directors	Name of Associated Corporation	Nature of Interests	Number of shares	% of shareholding
Felipe Tan	Good Omen Investments Limited	Beneficial owner	100	100.00%
Felipe Tan	Belmont Holdings Group Limited	Interest of a controlled corporation & beneficial owner	10,250	100%
Felipe Tan	GobiMin Inc.	Interest of a controlled corporation & beneficial owner	34,689,000	68.96%
Felipe Tan	GobiMin Investments Limited	Interest of a controlled corporation	1,000	68.96%
Felipe Tan	GobiMin Silver Limited	Interest of a controlled corporation	1,000	68.96%

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

(Continued)

Long positions (Continued)

(c) Options to subscribe for ordinary shares of the Company

The Company adopted a share option scheme on 22 July 2014 (“Share Option Scheme”). Particulars of the directors’ interests in Share Options Scheme were as follows:

Name of Directors	Grant Date	Exercise price per share HK\$	Exercise period	Number of share options and underlying shares					Outstanding as at 31.3.2017
				Outstanding as at 1.1.2017	Granted	Exercised	Cancelled	Lapsed	
Felipe Tan	10.4.2015	0.78	10.4.2015 – 9.4.2025	250,000	-	-	-	-	250,000
Chan Ka Ling Edmond (note)	10.4.2015	0.78	10.4.2015 – 9.4.2025	80,000	-	-	-	-	80,000
Tsang Wai Chun Marianna	10.4.2015	0.78	10.4.2015 – 9.4.2025	80,000	-	-	-	-	80,000
				410,000	-	-	-	-	410,000

Note: Mr. Chan Ka Ling has resigned as an independent non-executive Director with effect on 25 April 2017.

Short Positions

As at 31 March 2017, no short positions of Directors or chief executives 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

As at 31 March 2017, the following persons/entities (other than the Directors and chief executives 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:

Long Positions

Name	Nature of Interests	Number of ordinary shares	% of shareholding
Hon Pok	Beneficial owner	76,000,000	18.99%
Belmont Holdings Group Limited	Interest of a controlled corporation	40,260,000	10.06%
GobiMin Inc.	Interest of a controlled corporation	40,260,000	10.06%
GobiMin Investments Limited	Interest of a controlled corporation	40,260,000	10.06%
GobiMin Silver Limited	Beneficial owner	40,260,000	10.06%
Good Omen Investments Limited	Interest of a controlled corporation	40,260,000	10.06%
Wan Yiming	Beneficial owner	22,220,000	5.55%

Save as disclosed above, no other interests or short positions of any persons/entities (other than the Directors and the chief executives 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 31 March 2017.

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

During the three months ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETITION AND CONFLICT OF INTEREST

Apart from the business of the Group, Mr. Tan is also engaged in the other businesses including directly and indirectly owned equity interests in (i) GobiMin Inc., which is engaged in the exploration and exploitation of mineral resources in Xinjiang, PRC, and shares of which are listed on the TSX Venture Exchange in Canada; and (ii) Timeless Software Limited (“Timeless”), which is principally engaged in the information technology business and mining business, and shares of which are listed on GEM, at 31 March 2017.

The Directors believe that the investments referred above are in completely different sectors from that of the Group and therefore do not and will not compete with the business of the Group. The Group is mainly engaged in the trading of metals in Hong Kong, while GobiMin Inc. and its subsidiaries (“GobiMin Group”) is involved in upstream activities of exploration and mining which involve entirely different technologies, machinery and expertise. Accordingly, the Group and GobiMin Group are positioned in different specialized segments of the industry. The products of GobiMin Group may be similar with that of the Group such as gold, but the market of GobiMin Group is in the PRC while the Group is in Hong Kong and overseas (excluding the PRC) and as such, our Directors consider that there is no overlapping in respect of the market between GobiMin Group and the Group. Furthermore, Timeless is mainly involved in the mining business which is entirely different from our metal processing and trading business.

Apart from those investments disclosed above, 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 has 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 during the three months ended 31 March 2017.

By order of the Board
Loco Hong Kong Holdings Limited
Zhu Hongguang
Chairman

Executive Directors:

Mr. Zhu Hongguang (*Chairman*)
Mr. Zhu Jianping (*Chief Executive Officer*)
Mr. Felipe Tan

Independent non-executive Directors:

Ms. Dai Meihong
Dr. Wang Lin
Ms. Tsang Wai Chun Marianna

Hong Kong, 10 May 2017