



**LOCO HONG KONG HOLDINGS LIMITED**  
**港銀控股有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 8162)**

**ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**CHARACTERISTICS OF THE 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.**

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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 the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the Company’s website at [www.locohkholdings.com](http://www.locohkholdings.com).*

The Board of Directors of the Company (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017, together with comparative figures for the previous year, as set out below:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>			
– Sales of metal		2,243,881	2,165,048
– Sales of electronic products		88,905	–
– Interest income from customers and suppliers		6,159	4,287
– Processing fee		–	332
– Order commission		464	977
		<u>2,339,409</u>	<u>2,170,644</u>
Trading losses on commodity forward contracts		(1,299)	(14,859)
Other income		338	928
		<u>2,338,448</u>	<u>2,156,713</u>
Total income			
Carrying value of inventories sold		(2,314,335)	(2,129,087)
Change in fair value of commodity inventories		5,712	(668)
Employee costs	6	(18,808)	(11,032)
Depreciation		(1,829)	(1,058)
Rental expenses		(6,191)	(2,841)
Fair value gain on derivative component of convertible bonds		1,411	1,929
Fair value (loss)/gain on investments held for trading		(2,017)	3,095
Gain on disposal of property, plant and equipment		–	24
Gain on disposal of a subsidiary		4	–
Other operating expenses		(15,567)	(9,795)
Share of loss of an associate		(1)	–
Finance costs	7	(3,718)	(2,686)
		<u>(16,891)</u>	<u>4,594</u>
(Loss)/Profit before income tax expense	8	(16,891)	4,594
Income tax expense	9	(1,208)	(1,724)
		<u>(18,099)</u>	<u>2,870</u>
<b>(Loss)/Profit for the year</b>		<b><u>(18,099)</u></b>	<b><u>2,870</u></b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>(Loss)/Profit for the year attributable to:</b>			
– Owners of the Company		(17,923)	2,870
– Non-controlling interests		<u>(176)</u>	<u>–</u>
		<u><b>(18,099)</b></u>	<u><b>2,870</b></u>
<b>(Loss)/Profit for the year</b>		<b>(18,099)</b>	<b>2,870</b>
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>2,486</u>	<u>(120)</u>
<b>Total comprehensive income for the year</b>		<u><b>(15,613)</b></u>	<u><b>2,750</b></u>
<b>Total comprehensive income for the year attributable to:</b>			
– Owners of the Company		(15,468)	2,750
– Non-controlling interests		<u>(145)</u>	<u>–</u>
		<u><b>(15,613)</b></u>	<u><b>2,750</b></u>
<b>(Loss)/Earnings per share</b>			
– Basic and diluted	<i>10</i>	<u><b>HK cents (4.11)</b></u>	<u><b>HK cents 0.72</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		2,396	3,962
Interest in an associate		299	–
Available-for-sale financial assets		1	–
		<u>2,696</u>	<u>3,962</u>
<b>Current assets</b>			
Inventories	11	105,280	47,077
Trade and other receivables, deposits and prepayments	12	61,352	37,688
Loan receivable		9,000	–
Derivative financial assets	13	8,935	1
Investments held for trading		–	10,520
Amount due from a related company		54	–
Tax recoverable		319	679
Cash and cash equivalents		46,630	119,930
		<u>231,570</u>	<u>215,895</u>
<b>Current liabilities</b>			
Other payables, accruals and deposits received	14	43,647	25,770
Derivative financial liabilities	13	76	10,065
Amount due to an associate		295	–
Amounts due to related companies		50,023	28,795
Amounts due to directors		154	55
Loan from a related company		27,195	27,195
Tax payable		206	682
		<u>121,596</u>	<u>92,562</u>
<b>Net current assets</b>		<u>109,974</u>	<u>123,333</u>
<b>Total assets less current liabilities</b>		<u>112,670</u>	<u>127,295</u>
<b>Non-current liabilities</b>			
Liability component of convertible bonds	15	–	34,203
Derivative component of convertible bonds	15	–	1,877
		<u>–</u>	<u>36,080</u>
<b>Net assets</b>		<u>112,670</u>	<u>91,215</u>
<b>Equity</b>			
Share capital	16	122,898	85,830
Reserves		(10,083)	5,385
<b>Equity attributable to the owners of the Company</b>		<u>112,815</u>	<u>91,215</u>
<b>Non-controlling interests</b>		<u>(145)</u>	<u>–</u>
<b>Total equity</b>		<u>112,670</u>	<u>91,215</u>

# NOTES TO THE 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 GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of its registered office and principal place of business are Room 1702, 17/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in trading of metal and commodity forward contracts, trading of electronic products and provision of money lending services, which are conducted in Hong Kong and People’s Republic of China (“PRC”).

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results 2017 do not constitute the Company’s statutory annual consolidated financial statements for those years 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 Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance will deliver the financial statements for the year ended 31 December 2017 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The financial statements were approved and authorised for issue by the directors on 23 March 2018.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new/revised HKFRSs – effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12 Disclosure of Interests in Other Entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (a) Adoption of new/revised HKFRSs – effective 1 January 2017 (Continued)

##### *Amendments to HKAS 7 – Disclosure Initiative*

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the note to the cash flow statement.

##### *Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group assess whether to recognise a deferred tax assets.

##### *Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12 Disclosure of Interests in Other Entities*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12 *Disclosure of Interests in Other Entities* to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity’s interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the disclosure requirement is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New/revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28 Investments in Associates and Joint Ventures <sup>1</sup>
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New/revised HKFRSs that have been issued but not yet effective (Continued)

The directors anticipate that all of the relevant pronouncements will be adopted in the Group’s accounting policy for the first period beginning after the effective date of the pronouncement. Those new or revised HKFRSs that are expected to have a material impact on the Group’s financial statements are set out below.

#### *HKFRS 9 – Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Debt instruments classified as trade receivables, loans receivable, other receivables, deposits, and cash and bank balances carried at amortised cost are held within a business model which objective is to collect the contractual cash flows that are solely payments of principal and interest on principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9. There will be no impact on the Group’s accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Except for the expected credit loss model which may result in earlier provision of credit losses, the directors do not anticipate that the application of HKFRS 9 will have material impact on the Group’s financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New/revised HKFRSs that have been issued but not yet effective (Continued)

##### *HKFRS 9 – Financial Instruments (Continued)*

The above assessments were made based on an analysis of the Group’s financial investments as at 31 December 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 September 2018, the assessment of the potential impact is subject to change.

##### *HKFRS 15 – Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Classification to HKFRS 15 in relation to the identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New/revised HKFRSs that have been issued but not yet effective (Continued)

##### *HKFRS 16 – Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases* and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group had non-cancellable operating lease commitments of approximately HK\$3,110,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In the income statement, as the leases will be capitalised in future, operating lease expenses will no longer be recorded for these leases while depreciation and interest expense will increase due to the depreciation charge on the right-of-use asset and the interest expense on the lease liability. The new standard is not expected to apply until the financial year ending 31 December 2019 and the impact on the Group’s financial position and results upon the adoption of HKFRS 16 on those leases are not expected to be material. In addition, more quantitative and qualitative disclosures about the leases will be made following the requirements of HKFRS 16.

Except for the above, other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group’s results and financial position upon application.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (collectively referred to as the “HKFRS”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

#### (b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain inventories and financial instruments, which are measured at fair values.

#### (c) Functional and presentation currency

The functional currency of the Company and some major subsidiaries is United States dollar (“US\$”). However, the financial statements are presented in Hong Kong dollar (“HK\$”) instead of its functional currency as the directors consider that HK\$ is a more appropriate presentation currency in view of its principal place of financing activities.

### 4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors, who are the chief operating decision-maker that are used to make strategic decision.

For the year ended 31 December 2016, the information reported to the executive directors for the purpose of resource allocation and assessment of performance was 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 determined that the Group had only one single reportable segment which was trading of metal and commodity forward contracts. The executive directors allocated resources and assessed performance on an aggregated basis.

During the year, the Group has diversified its business. Other than trading of metal, the Group also engaged in trading of electronic products and money lending. For the year ended 31 December 2017, the Group has three reportable segments. 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 – Trading of metal and commodity forward contracts in Hong Kong.
- Trading of electronic products – The Group has engaged in trade of electronic products in the PRC since January 2017.
- Money lending – In August 2017, the Group launched its money lending service in Hong Kong.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. SEGMENT INFORMATION (Continued)

#### (a) Business segments

2017

	Trading of metal <i>HK\$'000</i>	Trading of electronic products <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue ( <i>note</i> )	<u>2,250,232</u>	<u>88,905</u>	<u>272</u>	<u>2,339,409</u>
Reportable segment profit/(loss)	<u>5,221</u>	<u>942</u>	<u>(495)</u>	<u>5,668</u>
Interest income	5,887	–	272	6,159
Interest expenses	(1,184)	–	–	(1,184)
Depreciation	(618)	(7)	–	(625)
Change in fair value of Commodity Inventories	5,712	–	–	5,712
Income tax expenses	(840)	(367)	–	(1,207)
Reportable segment assets	164,712	37,025	9,280	211,017
Reportable segment liabilities	119,131	801	9	119,941
Additions to specified non-current assets	<u>163</u>	<u>61</u>	<u>–</u>	<u>224</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. SEGMENT INFORMATION (Continued)

#### (b) Reconciliation of reportable segment results, segment assets and segment liabilities

	2017 <i>HK\$'000</i>
<b>Loss before income tax expense</b>	
Reportable segment profit	5,668
Depreciation	(1,204)
Interest expenses	(2,399)
Employee costs	(10,198)
Share of loss of an associate	(1)
Gain on disposal of a subsidiary	4
Fair value loss on investments held for trading	(2,017)
Fair value gain on derivative component of convertible bonds	1,411
Rental expenses	(3,994)
Other unallocated corporate expenses	(4,161)
	<hr/>
Loss before income tax expense	<b>(16,891)</b>

	2017 <i>HK\$'000</i>
<b>Assets</b>	
Reportable segment assets	211,017
Cash and cash equivalents	19,627
Property, plant and equipment	1,662
Interest in an associate	299
Other unallocated corporate assets	1,661
	<hr/>
Consolidated total assets	<b>234,266</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. SEGMENT INFORMATION (Continued)

#### (b) Reconciliation of reportable segment results, segment assets and segment liabilities (Continued)

	2017 <i>HK\$'000</i>
<b>Liabilities</b>	
Reportable segment liabilities	119,941
Unallocated corporate liabilities	<u>1,655</u>
Consolidated total liabilities	<u><u>121,596</u></u>

#### (c) Geographical information

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

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

	<b>Revenue from customers*</b>	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Singapore	999,940	1,392,915
Hong Kong	996,747	505,193
Australia	124,806	49,138
Japan	103,448	80,118
PRC	89,004	5,258
United Kingdom	<u>25,464</u>	<u>138,022</u>
	<u><u>2,339,409</u></u>	<u><u>2,170,644</u></u>

\* *Based on location of customers*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. SEGMENT INFORMATION (Continued)

#### (c) Geographical information (Continued)

	Specified non-current assets	
	2017 HK\$'000	2016 HK\$'000
Hong Kong	2,639	3,962
PRC	56	–
	<u>2,695</u>	<u>3,962</u>

#### (d) Information about major customers

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

	2017 HK\$'000	2016 HK\$'000
Customer A	764,919	819,273
Customer B	416,995	234,660
Customer C	390,638	N/A
Customer D	235,021	573,643

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

### 5. INCOME FROM PRINCIPAL ACTIVITIES

The Group is principally engaged in (i) trading of metal and commodity forward contracts; (ii) trading of electronic products and (iii) provision of money lending services.

#### Trading of metal and commodity forward contracts

Revenue from trading of metal comprises mainly net invoiced value of Commodity Inventories sold by the Group as well as interest income generated from customers and suppliers. The Group enters into sale and purchase agreements for Commodity Inventories with certain customers and suppliers and under the terms of those agreements, the selling or purchase price of metal is determined based on the market silver price on the date subsequent to the delivery date as specified by the customer or supplier (the "Forward Arrangements"). Interest is charged to the customers and suppliers of those agreements during the period of Forward Arrangements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. INCOME FROM PRINCIPAL ACTIVITIES (Continued)

#### Trading of metal and commodity forward contracts (Continued)

Trading gains or losses from commodity forward contracts mainly comprise the gains or losses arising from the Forward Arrangements with customers and suppliers as mentioned above and the gains or losses arising from the forward contracts entered into with commodity traders for hedging commodity price risk.

#### Trading of electronic products

Revenue from trading of electronic products represents the net invoiced value of goods sold during the year.

#### Money lending

Apart from interest income earned from the Forward Arrangements as mentioned above, the Group also earned interest income from a loan lend to the borrower.

### 6. EMPLOYEE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Employee costs (including directors' emoluments) comprise:		
Salaries and bonus, allowances and benefits	18,360	10,780
Contributions to defined contribution retirement plans	448	252
	<u>18,808</u>	<u>11,032</u>

### 7. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interests on bank loans	232	147
Interests on convertible bonds	2,399	1,869
Interests on loan from a related company	952	542
Total interest expenses	3,583	2,558
Bank charges	135	128
	<u>3,718</u>	<u>2,686</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Auditor's remuneration	634	550
Minimum lease payments under operating leases ( <i>note</i> )	5,630	2,577
Fees charged by an investment manager	472	843
Depreciation of property, plant and equipment	1,829	1,058
Donation	301	417
Exchange losses/(gains), net	1,032	(91)
Interest income	<u>(6,161)</u>	<u>(4,291)</u>

*Note:*

Included in the balances was office rental paid under the tenancy agreement entered into by the Group with a related company amounting to approximately HK\$936,000 (2016: HK\$936,000).

### 9. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
– charge for the year	1,297	1,724
– over-provision in respect of prior years	<u>(89)</u>	<u>–</u>
Income tax expense	<u>1,208</u>	<u>1,724</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. INCOME TAX EXPENSE (Continued)

For the year ended 31 December 2017, Enterprise Income Tax (“EIT”) exposed by the Company’s subsidiaries in the PRC is calculated at 25% on the estimated assessable profits for the year. For the year ended 31 December 2016, the Company’s subsidiary in the PRC had no estimated assessable profit under EIT.

The income tax expense can be reconciled to the (loss)/profit before income tax expense per the consolidated statement of comprehensive income as follows:

	<b>2017</b>	2016
	<b>HK\$’000</b>	HK\$’000
(Loss)/Profit before income tax expense	<b>(16,891)</b>	4,594
Tax calculated at domestic tax rate of 16.5% (2016: 16.5%)	<b>(2,787)</b>	758
Effect of different tax rate of subsidiaries operating in other jurisdiction	<b>63</b>	(27)
Tax effect of revenue not taxable for tax purposes	<b>(233)</b>	(362)
Tax effect of expenses not deductible for tax purposes	<b>2,988</b>	320
Tax effect of tax losses not recognised	<b>900</b>	1,201
Utilisation of tax losses previous not recognised	<b>(79)</b>	(80)
Tax effect of other temporary differences not recognised	<b>234</b>	(137)
Over-provision in respect of prior years	<b>(88)</b>	–
Others	<b>210</b>	51
Income tax expense	<b>1,208</b>	1,724

As at 31 December 2017, the Group had estimated unused tax losses of approximately HK\$12,131,000 (2016: HK\$8,399,000) which are available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to unpredictability of future profit streams. Tax losses amounted to approximately HK\$11,925,000 may be carried forward indefinitely and approximately RMB172,000 (equivalent to HK\$206,000) will expire in five years.

The Group has no significant unrecognised deferred tax liabilities as at 31 December 2017 and 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. (LOSS)/EARNINGS PER SHARE

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

	2017	2016
(Loss)/Earnings	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit for the purpose of basic (loss)/earnings per share	<u>(17,923)</u>	<u>2,870</u>
<b>Number of shares</b>	<b>2017</b>	<b>2016</b>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>435,457,671</u>	<u>400,170,000</u>

For the year ended 31 December 2017, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise price is higher than the average market price of the Company for the year. In addition, it does not assume the conversion of the Company's convertible bonds (*note 15*) as they have anti-dilutive effect on the loss per share calculation. Accordingly, the basic and diluted loss per share are the same.

For the year ended 31 December 2016, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options since their exercise price was higher than the average market price of the Company for the year. In addition, it did not assume the conversion of the Company's convertible bonds (*note 15*) as they had anti-dilutive effect on the earnings per share calculation. Accordingly, the basic and diluted earnings per share were the same.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 11. INVENTORIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Silver	105,189	30,661
Tin	–	16,315
Low value consumables	<u>91</u>	<u>101</u>
	<u><b>105,280</b></u>	<u><b>47,077</b></u>

The fair values of the Commodity Inventories were determined by the Company by reference to the price available in active market including London Bullion Market Association.

The fair value of the Commodity Inventories is a level 2 recurring fair value measurement. The fair value measurement is based on the inventories' highest and best use, which does not differ from their actual use.

### 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and loan interest receivables ( <i>note (a)</i> )	35,602	–
Deposits for commodity forward contracts ( <i>note (b)</i> )	24,015	31,624
Other receivables and deposits	1,319	5,330
Prepayments	<u>416</u>	<u>734</u>
	<u><b>61,352</b></u>	<u><b>37,688</b></u>

Credit period granted to a customer of trading of electronic products segment is six months.

#### *Notes:*

- (a) As at 31 December 2017, these receivables were neither past due nor impaired and were related to customers for whom there was no recent history of default. In addition, all these receivables were either guaranteed by a corporate guarantor or secured by a pledged property. As at 31 December 2017, the aging of these receivables, based on invoice dates, are all within six months.
- (b) For trading purposes, the Group has to enter into Forward Arrangements with customers and suppliers as well as forward contracts with commodity traders. The balance represents margin deposits placed with commodity traders for entering into forward contracts, as well as deposits in the cash account held at the commodity traders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Derivative financial assets:		
Commodity forward contracts	<u>8,935</u>	<u>1</u>
Derivative financial liabilities:		
Commodity forward contracts	<u>76</u>	<u>10,065</u>

The Group enters into Forward Arrangements with customers and suppliers and forward contracts with commodity traders to hedge metal price exposures. Such commodity forward contracts do not qualify as hedging instruments and are classified as financial instruments at fair value through profit or loss. The notional principal amounts of the outstanding metal forward contracts as at 31 December 2017 were approximately US\$28,726,000 (2016: US\$26,170,000), equivalent to approximately HK\$223,201,000 (2016: HK\$203,341,000).

The fair values of the forward contracts are determined with reference to the price available in active markets matching the maturity of the contracts.

### 14. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Other payables and accruals	2,335	2,622
Deposits for commodity forward contracts ( <i>note</i> )	<u>41,312</u>	<u>23,148</u>
	<u>43,647</u>	<u>25,770</u>

*Note:*

The Group has to enter into Forward Arrangements with customers and suppliers as well as forward contracts with commodity traders. The balance represents cash deposits received from suppliers and customers for entering into Forward Arrangements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. CONVERTIBLE BONDS

On 15 July 2016, the Company issued the convertible bonds due on 14 July 2018 (“Maturity Date”) in an aggregate principal amount of HK\$36,800,000. The convertible bonds carry a 6% coupon interest rate per annum, interest is payable upon Maturity Date or redemption.

The convertible bonds entitle the bondholders to convert into a total of 80,000,000 ordinary shares of the Company at an initial conversion price of HK\$0.46 per conversion share (subject to adjustments in accordance with the terms of the convertible bonds) at any time during the period commencing from the date of issuance of the convertible bonds and up to the Maturity Date.

The convertible bonds may be redeemed by the Company at any time from the date of issuance and prior to the Maturity Date. If a conversion notice is served by the bondholder at the same date as a redemption notice is served by the Company, the Company’s redemption notice shall take priority.

Since the denominated currency (HK\$) of the convertible bonds is different from the functional currency (US\$) of the Company, their conversion options will be settled by the Company delivering a fixed member of its own shares in exchange for a variable amount of cash in the Company’s functional currency. Consequently, the conversion right is not equity instrument.

The convertible bonds contain two components, liability component and derivative component which comprise the conversion right and the early redemption right. On issuance of the convertible bonds, the fair value of the derivative component is determined using the Crank-Nicolson Finite-difference method. The remainder amount of the proceeds is allocated to the liability component. The derivative component is classified as derivative liability and is subsequently measured at fair value, with changes in fair value recognised in profit or loss. The liability component is classified as financial liabilities at amortised cost and is subsequently measured at amortised cost using the effective interest rate of 12.19% per annum.

The convertible bonds are fully converted during the year ended 31 December 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. CONVERTIBLE BONDS (Continued)

The movement of the liability and the derivative components of the convertible bonds are as follows:

	<b>Liability component of convertible bonds HK\$'000</b>	<b>Derivative component of convertible bonds HK\$'000</b>	<b>Total HK\$'000</b>
Fair value on initial recognition on 15 July 2016	32,994	3,806	36,800
Less: Direct transaction cost	(660)	–	(660)
	32,334	3,806	36,140
Interest expense (note 7)	1,869	–	1,869
Fair value adjustment	–	(1,929)	(1,929)
At 31 December 2016 and 1 January 2017	34,203	1,877	36,080
Interest expenses (note 7)	2,399	–	2,399
Fair value adjustment	–	(1,411)	(1,411)
Conversion	(36,602)	(466)	(37,068)
At 31 December 2017	<u>–</u>	<u>–</u>	<u>–</u>

### 16. SHARE CAPITAL

	<b>2017 Number of shares</b>	<b>2017 HK\$'000</b>	<b>2016 Number of shares</b>	<b>2016 HK\$'000</b>
Issued and fully paid:				
At beginning of year	400,170,000	85,830	400,170,000	85,830
Conversion of convertible bonds (note 15)	80,000,000	37,068	–	–
At end of year	<u>480,170,000</u>	<u>122,898</u>	<u>400,170,000</u>	<u>85,830</u>

### 17. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Corporate Strategy and Business Model

Beside the exploration of new business on trading of electronic products and provision of money lending services during the year. The Group's principally activities still engaged in trading of metal in Hong Kong accompanied with trading of forward contracts for hedging purpose for the year.

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

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

The Group adopts hedging strategies to avoid negative impact on our income arising from price fluctuation of metals and minimize the downward volatility of our profitability. Such strategies mainly include entering into forward contracts with our commodity dealers to fix the forward price contemporaneously upon our fixing the purchase or sales price with our suppliers or customers.

## Business Review

The Group's income was mainly generated from the sales of silver products. During the year under review, the silver market price fluctuates between US\$15.22 per ounce and US\$18.56 per ounce.

For the year ended 31 December 2017, the Group recorded a revenue from sales of metal of approximately HK\$2.2 billion (2016: HK\$2.2 billion) of which 99% (2016: 70%) was contributed by sale of silver products and the remainings were contributed by sale of tin (2016: gold and tin).



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business Review (Continued)

For the year ended 31 December 2017, the Group processed 525 tonnes (2016: 343 tonnes) of silver scrap. The total processing volume represented an increase of 53% when compared with last year.

深圳時代健康科技控股有限公司 (Shenzhen New Era Health Science And Technology Holdings Limited\*), a newly established subsidiary of the Company in People's Republic of China ("PRC") has started operation of trading business and contributed approximately HK\$89 million revenue to the Group during the year ended 31 December 2017.

United Worth Finance Limited, a wholly-owned 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. Provision of money leading services has started and contributed HK\$272,000 revenue to the Group during the year ended 31 December 2017.

### London Silver Price

The sales and purchase price of our silver products were determined with reference to a benchmark price namely "London Silver Price" quoted on the website of London Bullion Market Association and other prices published and distributed by various data vendors.

### Outlook

For the coming future, the Group will continue to carry on its sales of metal, which mainly from silver product. The significantly fluctuation of silver market price may affect the silver industry of Hong Kong and our Company as we encountered in the past few years, the Company would actively seek for new market opportunities and extend the business to investment, finance and trade on other commodity.

During the year, we have successfully explored two new sectors of business include trading of electronic products and provision of money lending services, which contributed in aggregate approximately HK\$89 million of revenue.

\* *English name for identification purpose only.*

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

### **Outlook (Continued)**

On 13 February 2018, we have successfully entered into a sales agreement and purchase agreement with China Yantai Friction Co. Ltd. (the “CYFC”) in relation to the trading of automotive parts for the year 2018. Our relationship with CYFC and newly explored business of trading of automotive parts which enable us having a steady and reliable income for the Group.

On 28 February 2018, one of the Group’s subsidiaries entered into a cooperation agreement with Party C regarding the construction of a solar power facility (the “Facility”) in the PRC and the generation of income by supplying electricity which is to be generated from the Facility. The estimated total investment cost for the Facilities is RMB14,000,000 (equivalent to approximately HK\$16,785,000). The Group will further enter into a construction contract with Party C to set out the terms of details, including the exact investment cost, of the construction Facility after including but not limited to Party C obtaining relevant approval or license from relevant government authority.

In order to minimize the impact of silver industry that we may face in the future, the Group still 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 year ended 31 December 2017, the Group had a total income of approximately HK\$2.3 billion (2016: HK\$2.2 billion), representing an increase of 8.4% as compared with 2016. The Group recorded loss after tax of approximately HK\$18 million (2016: profit of HK\$2.9 million) for the year ended 31 December 2017. The Group went from a profit to a loss mainly due to the fair value loss on investment held for trading which was gain in last year and increase in general expenses (including employee costs and rental expenses) as compared with last year.

### **Capital Structure, liquidity and financial resources**

As at 31 December 2017, the Group had cash and bank balances of approximately HK\$47 million (2016: approximately HK\$120 million) and net current assets of approximately HK\$110 million (2016: approximately HK\$123 million). As at 31 December 2017, the current ratio stood at 1.90 times (2016: 2.33 times).

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

### **Capital Structure, liquidity and financial resources (Continued)**

The Group generally finances its operations primarily with internally generated cash and loan from a related company. The decrease in cash balance mainly represented of more inventories were purchased, increase in trade receivable and loan receivable as at year ended 31 December 2017.

As at 31 December 2017, the Group had a loan from a related company approximately HK\$27 million (2016: HK\$27 million).

As at 31 December 2017, the Group had banking facilities in aggregate amount of HK\$10 million. The Directors believed that the Group has adequate financial resources to fulfill its commitments and working capital requirements.

### **Capital commitment**

As at 31 December 2017, the Group was committed to make capital injection to 深圳港銀教育控股有限公司 (Shenzhen Loco Education Holdings Limited\*) amounted to RMB1,000,000 (equivalent to approximately HK\$1,199,000)

### **Employees and Remuneration Policy**

As at 31 December 2017, the Group employed a total of 28 staff. The total of employee remuneration, including remuneration of the Directors, for the year ended 31 December 2017 amounted to approximately HK\$19 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.

### **Charge on the Group's assets**

As at 31 December 2017, no Group's assets was pledged as security.

\* *English name for identification purpose only.*

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

### **Future Plan for Material Investments and Capital Assets**

Save as disclosed in section headed “Outlook” regarding a cooperation agreement entered into on 28 February 2018, the Group does not have any concrete plan for material investments or capital assets for the coming year. Nonetheless, if any potential investment opportunity arises in the coming year, the Group will prepare the feasibility study and implementation plan when it is beneficial to the Group and its shareholders as a whole.

### **Dividends**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

### **Gearing ratio**

As at 31 December 2017, the gearing ratio of the Group, calculated as debt (being loan from a related company and liability component of convertible bonds) divided by total equity was approximately 0.24 (2016: 0.67).

### **Foreign Exchange Exposure**

As the Group’s transactions are mainly denominated in United States dollars, Renminbi and Hong Kong dollars, the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However the management continues monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Contingent liabilities**

The Group did not have any material contingent liabilities, guarantees or any litigation or claims of material importance pending or threatened against any member of our Group as at 31 December 2017 and there has not been any material change in the contingent liabilities of the Group since 31 December 2017.

## **AUDIT COMMITTEE AND REVIEW OF ACCOUNTS**

The audit committee comprises three independent non-executive Directors, namely Ms. Dai Meihong, Dr. Wang Lin and Ms. Tsang Wai Chun Marianna. Ms. Dai Meihong is the chairlady of the audit committee.

The audit committee has reviewed the annual results and the audited financial statements of the Group for the year ended 31 December 2017.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

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

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the year ended 31 December 2017, the Group 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 ("Code Provisions"). The Board reviews and improves its corporate governance practices from time to time so as to ensure that they comply with the statutory requirements and the Code Provisions.

## **CLOSURE OF THE REGISTER OF MEMBERS**

For the purpose of determining shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending at the meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 4 June 2018.

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

Hong Kong, 23 March 2018

*Executive Directors:*

Mr. Zhu Hongguang (*Chairman*)

Mr. Zha Jianping (*Chief Executive Officer*)

Mr. Felipe Tan

*Independent non-executive Directors:*

Ms. Dai Meihong

Dr. Wang Lin

Ms. Tsang Wai Chun Marianna