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**LOCO HONG KONG HOLDINGS LIMITED**

**港銀控股有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 8162)**

## **CONTINUING CONNECTED TRANSACTION DISCLOSABLE TRANSACTION**

The management of the Group conducted an effective and in-depth review of the operation and prospects of all business units since May 2018. The management recently concluded that certain business segments could not reach the appropriate scale and generate commensurate investment return due to lack of growth potential. In view of this, it has been proposed to the Board to terminate such investments.

New Visual is a wholly-owned subsidiary of the Company which holds 50% equity interests in Shanghai Friction. Given that Shanghai Houtu signed the statement of the voting undertaking, Shanghai Friction is deemed as the subsidiary of the Group. New Visual issued the letter dated 29 June 2018, consenting that the revocation of the voting undertaking by Shanghai Houtu would be effective from 30 June 2018. As a result, the Company ceased to have the control as of 30 June 2018.

In terms of accounting treatment, the cessation of control over Shanghai Friction is regarded as the disposal of business operation and net assets of Shanghai Friction. Meanwhile, as the Group still has significant control over Shanghai Friction, Shanghai Friction is reclassified as an associate instead of a subsidiary and the relevant interest is accounted for using equity method instead of consolidation method. Based on the latest available financial information, the disposal will constitute a disclosable transaction of the Company.

Pursuant to which, the following information is disclosed in this announcement:

The unaudited financial information of Shanghai Friction for the three months ended 31 March 2018:

1. Revenue: RMB7,572,000;
2. Net profit: RMB70,000;
3. Net assets: RMB71,000; and
4. Non-controlling interests: 50%

Further details of continuing connected transactions for the six months ended 30 June 2018 (please refer to the announcement of the Company published on 13 February 2018) will be disclosed as the Company presents its financial statements for the year ending 31 December 2018 in accordance with the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expression shall have the following meanings:

“Board”	the Board of Directors
“Loco” or “Company”	Loco Hong Kong Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the GEM of the Stock Exchange
“Director(s)”	the directors of the Company including executive directors, non-executive directors and independent non-executive directors
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“New Visual”	New Visual International Holdings Limited, a wholly-owned subsidiary of Loco incorporated under the laws of Hong Kong

“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong and Macau
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Friction”	上海孚瑞恒眾汽車科技有限公司 (Shanghai Friction Automotive Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and is indirectly owned as to 50% by the Company and 30% by Shanghai Houtu as at the date of this announcement
“Shanghai Houtu”	上海厚途汽車科技有限公司 (Shanghai Houtu Automotive Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and a 30% equity holder of Shanghai Friction as at the date of this announcement
“Shareholder(s)”	holders of ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Loco Hong Kong Holdings Limited**  
**Tsang Zee Ho, Paul**  
*Chief Executive Officer and Executive Director*

Hong Kong, 3 July 2018

\* *for identification purpose only*

*Executive Directors:*

Mr. Zhu Hongguang (*Chairman*)

Mr. Tsang Zee Ho, Paul (*Chief Executive Officer*)

Mr. Wang Wendong (*Deputy Chairman*)

Mr. Lam Chi Chung, Tommy (*Deputy Chairman*)

Mr. Felipe Tan

*Non-executive Director:*

Mr. Zha Jianping

*Independent non-executive Directors:*

Ms. Dai Meihong

Dr. Wang Lin

Ms. Tsang Wai Chun Marianna

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on GEM website on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company website at [www.locohkholdings.com](http://www.locohkholdings.com).*