

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Loco Hong Kong Holdings Limited**  
**港銀控股有限公司**  
*(incorporated in Hong Kong with limited liability)*  
**(Stock Code: 8162)**

## **DECISION OF THE GEM LISTING COMMITTEE**

This announcement is made by Loco Hong Kong Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 31 October 2022 and 8 November 2022 (collectively, the “**Announcements**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements.

### **THE DECISION OF THE GEM LISTING COMMITTEE**

The Board wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that the review hearing of the Decision by the GEM Listing Committee was held on 31 January 2023. On 10 February 2023, the Company received a letter dated 10 February 2023 from the GEM Listing Committee, notifying the Company that, having considered all the submissions (both written and oral) made by the Company and the Listing Division of the Stock Exchange, the GEM Listing Committee was of the view that the Company failed to maintain a sufficient level of operations and assets to meet Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares. The GEM Listing Committee therefore decided to uphold the Decision to suspend trading in the Company’s shares (the “**Shares**”) under Rule 9.04(3) of the GEM Listing Rules (the “**LC’s Decision**”).

The GEM Listing Committee arrived at the LC's Decision for, among others, the following reasons:

### **On operation**

1. The Company recorded total revenue of HK\$10.4 million and HK\$13.9 million for the years ended 31 December 2020 (“**FY2020**”) and 2021 (“**FY2021**”), respectively. It has been making losses since the year ended 31 December 2017. Although the GEM Listing Committee noted that the Company's revenue increased to HK\$21.5 million for the nine months ended 30 September 2022 (“**9M2022**”), the revenue still indicated a small scale of operations. The GEM Listing Committee considered that, with such scale of operations, the Company did not have a viable and sustainable business.
2. Furthermore, the GEM Listing Committee was of the view that the Company failed to demonstrate that any of its businesses was a business which was of substance, viable and sustainable, in light of, among others, the following observations:

#### **(a) Metal business**

- (i) At the time of listing, the Company was engaged in the trading of processed products which was the main revenue contributor until the end of 2019. In 2020 and 2021, the Company did not process any silver scrap and ceased generating revenue from the business of trading processed products, which became no longer viable and sustainable as a result of the lack of supply of silver scraps due to regulatory policies of the People's Republic of China (the “**PRC**”).
- (ii) In 2020, the metal business changed its focus to metal trading, with emphasis in being a supply chain integrator. However, the metal trading business has maintained a very low level of operations and generated annual revenue of less than HK\$10 million in FY2020 and FY2021 and only HK\$16.2 million for 9M2022. Such revenue, in itself or together with those from the Company's other businesses, was insufficient to cover the Company's corporate expenses.
- (iii) The metal trading business had a very limited customer base and the Company failed to demonstrate that the metal trading business was operating with an established business model that ensured the business would continuously solicit sufficient customers and generate sufficient revenue and profit to support the viability and sustainability of the business.

**(b) Education management services business**

- (i) The education management services business which involved the provision of management and consulting services to schools in the PRC had a limited operating history, starting four years ago in 2019. It had all along maintained a small scale of operation. In 2019, it generated revenue of HK\$25 million and had nine customers only. The scale of operation further declined as a result of the PRC rectification and reform of education in 2021, for which the revenue from the business was down to HK\$4.5 million. The Company did not demonstrate a reasonable prospect that the government policies would change to be in favour of this business in the foreseeable future.
- (ii) The Company then changed its focus of the education management services business to providing management services to arts education and well-rounded education in 2022. However, the Company failed to demonstrate this business was of substance, viable and sustainable. In particular, the Company did not have an operating history for providing management services to arts education and well-rounded education, which involved a customer base wholly or substantially different from that served by the Company before 2022.
- (iii) The Company's education management services business has a very limited customer base with only eight customers. Revenue generated from the education management services business was HK\$5.3 million for 9M2022 which indicated a small scale of operation.
- (iv) Accordingly, the Company failed to demonstrate that the education management services business was operating with an established business model that ensured the business would continuously solicit sufficient customers and generate sufficient revenue and profit to support the viability and sustainability of the business.

**(c) Money lending business**

- (i) The money lending business has maintained a minimal scale of operation since its commencement in 2017 and generated little or no revenue.
- (ii) The Company did not intend to expand the scale of the business and did not generate any revenue for 9M2022.

## **On assets**

3. The total assets of the Company amounted to HK\$37 million as at 30 June 2022 which mainly consisted of trade and other receivables and prepayments, while cash and cash equivalents amounted to HK\$5.8 million only. The GEM Listing Committee also noted that the Company had negative operation cash flows for FY2020 and FY2021.
4. It was uncertain how the Company could finance its operations with such financial position. Coupled with the concern on the substance and viability and sustainability of the Company's businesses as described above, the GEM Listing Committee did not consider that the Company had sufficient assets to support its operations to warrant a continued listing under Rule 17.26 of the GEM Listing Rules.

## **Impact of COVID-19**

5. Lastly, the GEM Listing Committee did not consider the Company had demonstrated that, but for COVID-19, it would have had a business that was of substance, viable and sustainable as the changes to the Company's metal business and education management services business were due to changes in the PRC regulatory policies which are unrelated to COVID-19.

## **RIGHT TO REQUEST FOR A REVIEW OF THE LC'S DECISION**

Pursuant to Rules 4.06(2) and 4.08(1) of the GEM Listing Rules, the Company may request the LC's Decision be referred to the GEM Listing Review Committee for a further and final review, and the review request must be served on the Secretary of the GEM Listing Review Committee within seven (7) business days of receipt of the LC's Decision, i.e. on or before 21 February 2023. The Company is in the process of seeking advice from its professional advisers and will actively consider lodging a request for reviewing the LC's Decision. If the Company does not apply for a review of the LC's Decision by 21 February 2023, trading in the Shares will be suspended from 9:00 a.m. on 22 February 2023. Before that, trading in the Shares will continue.

Shareholders and potential investors are reminded that the Company has yet to make a decision as to whether or not to request for a review of the LC's Decision and the outcome of such review by the GEM Listing Review Committee, if undertaken, is uncertain.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules. Shareholders who have any queries about the implication of the LC's Decision are advised to obtain appropriate professional advice.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

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

Hong Kong, 12 February 2023

*As at the date of this announcement, the executive Directors are Mr. Wang Wendong and Mr. Fung Chi Kin; and the independent non-executive Directors are Mr. Zhou Tianshu, Ms. Wu Liyan and Ms. Wong Susan Chui San.*

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

*This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication and will be available on the Company’s website at [www.locohkholdings.com](http://www.locohkholdings.com).*