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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)**

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
ACQUISITION OF 43% OF THE ISSUED SHARE CAPITAL  
OF THE TARGET COMPANY**

**THE ACQUISITION**

The Board is pleased to announce that on 31 May 2022 (after trading hours), the Company (as the purchaser) and Mr. Hon (as the vendor) entered into the Sale and Purchase Agreement, pursuant to which Mr. Hon agreed to sell, and the Company agreed to purchase, the Sale Shares at the consideration of USD1 in cash.

Immediately prior to the completion of the Acquisition, the Company and Mr. Hon owned 57% and 43% of the issued share capital of the Target Company, respectively. Upon completion of the Acquisition, the Company owns the entire issued share capital of the Target Company, and the Target Company becomes a direct wholly owned subsidiary of the Company.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of the applicable percentage ratios are less than 25%, the Acquisition therefore constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to reporting and announcement requirements.

As Mr. Hon was a substantial shareholder (as defined in the GEM Listing Rules) of the Target Company, being a direct non-wholly owned subsidiary of the Company immediately prior to the completion of the Acquisition, Mr. Hon was a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to Rule 20.99 of the GEM Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the Directors, including the independent non-executive Directors, have confirmed that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements.

## **INTRODUCTION**

The Board is pleased to announce that on 31 May 2022 (after trading hours), the Company (as the purchaser) and Mr. Hon (as the vendor) entered into the Sale and Purchase Agreement, pursuant to which Mr. Hon agreed to sell, and the Company agreed to purchase, the Sale Shares at the consideration of USD1 in cash.

Immediately prior to the completion of the Acquisition, the Company and Mr. Hon owned 57% and 43% of the issued share capital of the Target Company, respectively. Upon completion of the Acquisition, the Company owns the entire issued share capital of the Target Company, and the Target Company becomes a direct wholly owned subsidiary of the Company, and the financial results of the Target Company will continue to be consolidated into the financial results of the Group.

The principal terms of the Sale and Purchase Agreement are summarised as follows:

## **SALE AND PURCHASE AGREEMENT**

Date: 31 May 2022 (after trading hours)

Parties: (1) the Company (as the purchaser); and  
(2) Mr. Hon (as the vendor)

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, Mr. Hon agreed to sell, and the Company agreed to purchase, the Sale Shares free from all liens, claims and encumbrances and with all rights attached to them.

## **Consideration**

Pursuant to the Sale and Purchase Agreement, the Consideration is USD1 and shall be payable in cash by the Company to Mr. Hon upon signing of the Sale and Purchase Agreement.

The Consideration was determined after arm's length negotiations between the Company and Mr. Hon on normal commercial terms by taking into account, among other things, (i) the Target Company's net asset value; (ii) the Target Company's historical financial performance; and (iii) the other factors set out in the section headed "Reasons for and Benefits of the Acquisition" in this announcement.

## **Completion and Payment**

The Acquisition shall become effective after the full settlement of the Consideration by the Company.

The Company has paid the Consideration to Mr. Hon in cash upon signing of the Sale and Purchase Agreement. Accordingly, the Acquisition has been completed.

## **INFORMATION OF THE PARTIES OF THE SALE AND PURCHASE AGREEMENT**

The Company is an investment holding company. The Group is principally engaged in metal business in Hong Kong. Besides, the Group is also engaged in provision of education management services (the "**Education Management Services Business**"), which are conducted in the PRC, and provision of money lending services, which are conducted in Hong Kong.

Mr. Hon is a Hong Kong permanent resident. As Mr. Hon was a substantial shareholder (as defined in the GEM Listing Rules) of the Target Company, being a direct non-wholly owned subsidiary of the Company immediately prior to the completion of the Acquisition, Mr. Hon was a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Hon is an Independent Third Party (other than being the connected person of the Company at the subsidiary level as disclosed above).

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in the British Virgin Islands with limited liability, and is an investment holding company. The Target Group is principally engaged in the provision of education management and consulting services to different schools in the PRC.

On 21 August 2019, the Group sold 43% of the issued share capital of the Target Company to Mr. Hon pursuant to the Share Transfer Agreement in consideration of Mr. Hon's successful procurement of school(s) to be managed by the Company (or any of its designated subsidiaries) provided that the expected revenue from such management service generates a revenue of at least RMB5,000,000 in aggregate by the end of 2019. For details, please refer to Company's announcement dated 21 August 2019. As disclosed in the Company's annual report for the year ended 31 December 2019, in respect of the abovementioned equity-settled share-based payment transaction, the Group measured the contract procurement services received from Mr. Hon and the corresponding increase in equity at approximately HK\$587,000.

The consolidated net assets and total assets of the Target Group as at 31 December 2020 and 2021 are set out as follows:

	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net assets	2,335	6,507
Total assets	22,659	19,479

The consolidated net profit or loss before and after tax for the years ended 31 December 2020 and 2021 are set out as follows:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net (loss)/profit before tax	(4,697)	989
Net (loss)/profit after tax	(4,558)	204

The unaudited consolidated net liabilities and total assets of the Target Group as at 31 March 2022 amounted to approximately HK\$150,000 and HK\$20,105,000, respectively.

As the Target Company was a non-wholly owned subsidiary of the Company, the consolidated financial information of the Target Group was consolidated into the Company's consolidated financial information.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Company is an investment holding company and its subsidiaries are principally engaged in the provision of education management and consulting services to different schools in the PRC.

As disclosed in the Company's annual report for the year ended 31 December 2021, due to the PRC government's new policies on the rectification and reform of education, the overall education industry in the PRC has entered a period of deepening reform and rectification, which has caused major shocks to schools and education and training institutions. Having said that, the Directors believe that the PRC government's reform and rectification of education are in line with the correct direction of the current national education development and there would be a steady demand for education in the long run. Currently, the Target Group's business focuses on provision of management services to arts education and well-rounded education which are encouraged by the PRC government policy.

Immediately prior to the completion of the Acquisition, the Company was a shareholder of the Target Company holding 57% of its issued share capital. The Directors are of the view that the Acquisition is a good opportunity for the Company to increase its interest in Loco Yahui, being the main operating subsidiary of the Company and the Target Company in respect of the Education Management Services Business. By acquiring the remaining 43% shareholding in the Target Company, the Group would be able to exercise absolute and more effective control over the Education Management Services Business and the operations of Loco Yahui. The Directors are of the view that the Group's increased shareholding in the Target Company through the Acquisition will enable it to share more economic benefits from the Target Group's future business development.

## **DIRECTORS' CONFIRMATION**

The Directors (including all the independent non-executive Directors) are of the view that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the Acquisition or are required to abstain from voting on any resolutions considered and passed in respect of the Acquisition.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of the applicable percentage ratios are less than 25%, the Acquisition therefore constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to reporting and announcement requirements.

As Mr. Hon was a substantial shareholder (as defined in the GEM Listing Rules) of the Target Company, being a direct non-wholly owned subsidiary of the Company immediately prior to the completion of the Acquisition, Mr. Hon was a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to Rule 20.99 of the GEM Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the Directors, including the independent non-executive Directors, have confirmed that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements.

## **DEFINITIONS**

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

“Acquisition”	Acquisition of Sale Shares from Mr. Hon by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Company”	Loco Hong Kong Holdings Limited (港銀控股有限公司), a company incorporated in Hong Kong with limited liability, whose Shares are listed on GEM of the Stock Exchange
“Consideration”	the consideration for the Sale Shares of USD1 pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined in the GEM Listing Rules)
“Loco Yahui”	四川港銀雅滙教育管理有限公司 (Sichuan Loco Yahui Education Management Limited*), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Mr. Hon”	Hon Hang (韓珩), a Hong Kong permanent resident and a connected person of the Company at the subsidiary level
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 31 May 2022 entered into between the Company (as the purchaser) and Mr. Hon (as the vendor) in relation to the Acquisition
“Sale Shares”	4,300 shares of the Target Company, representing 43% of the issued share capital in the Target Company owned by Mr. Hon
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of the Company
“Share Transfer Agreement”	the share transfer agreement dated 7 January 2019 entered into between the Company and Mr. Hon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	True Time International Investments Limited (誠泰國際投資有限公司), a company incorporated in the British Virgin Islands with limited liability, and, immediately prior to the completion of the Acquisition, was owned as to 57% and 43% by the Company and Mr. Hon, respectively

“Target Group”	the Target Company and its subsidiaries
“USD”	U.S. dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 31 May 2022

\* *for identification purpose only*

*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 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 will remain on the “Latest Listed Company Information” 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).*