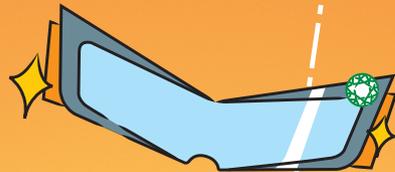


# EDICO Holdings Limited

## 鉅京控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8450



# First Quarterly Report

## 2018/2019



\* For identification purpose only



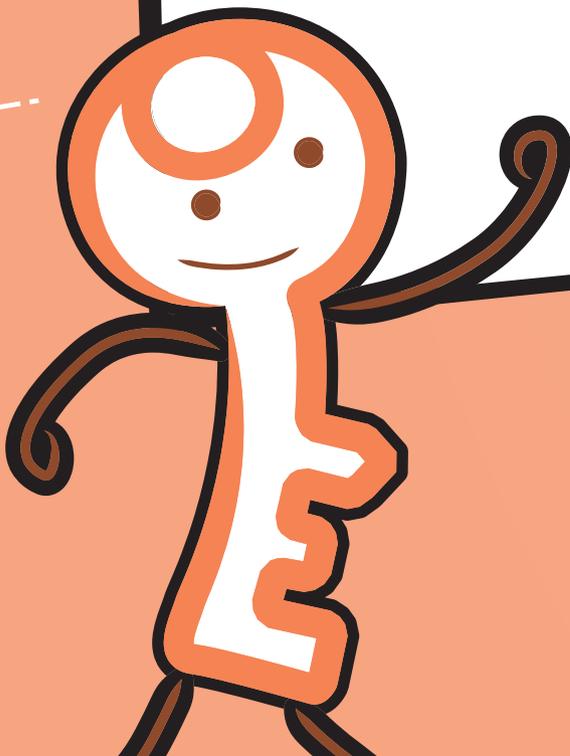
## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.*

*This report, for which the directors of EDICO Holdings Limited (the “**Company**” and the “**Directors**”, respectively) 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 (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.*



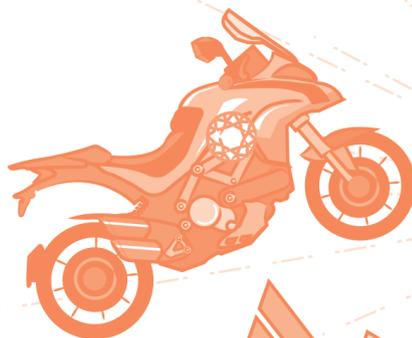
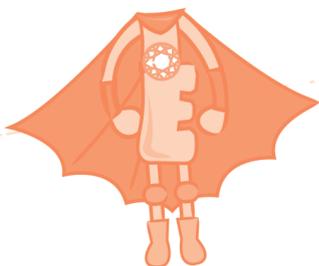
# CONTENTS

	<b>02</b>
Financial Highlights	
	<b>03</b>
First Quarterly Results	
	<b>03</b>
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	
	<b>04</b>
Unaudited Condensed Consolidated Statement of Changes in Equity	
	<b>05</b>
Notes to the Unaudited Condensed Consolidated Financial Statements	
	<b>09</b>
Management Discussion and Analysis	
	<b>11</b>
Corporate Governance and Other Information	



## FINANCIAL HIGHLIGHTS

- The Group's unaudited revenue for the three months ended 31st December 2018 amounted to approximately HK\$14.4 million, decreased by approximately 46.5% as compared to that of the same period in 2017.
- The Group's unaudited gross profit for the three months ended 31st December 2018 amounted to approximately HK\$7.9 million, decreased by approximately 51.2% as compared to that of the same period in 2017.
- The Group recorded an unaudited net profit of approximately HK\$5.9 million and approximately HK\$0.4 million for the three months ended 31st December 2017 and 2018, respectively.
- The basic earnings per share for the three months ended 31st December 2018 was HK0.04 cent (three months ended 31st December 2017: HK0.78 cent).
- The Board has resolved not to declare the payment of any dividend for the three months ended 31st December 2018 (HK\$Nil for the three months ended 31st December 2017).



## FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31st December 2018, together with the relevant comparative figures. The information should be read in conjunction with the prospectus of the Company dated 23rd January 2018 (the “**Prospectus**”). The financial information is as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31st December 2018

	Note	For the three months ended 31st December	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	14,403	26,871
Cost of services		(6,518)	(10,650)
Gross profit		7,885	16,221
Other income		124	5
Selling and distribution expenses		(440)	(856)
Administrative expenses		(7,077)	(7,866)
Profit before tax		492	7,504
Income tax expense	5	(97)	(1,621)
Profit and total comprehensive income for the period attributable to the owners of the Company	6	395	5,883
		HK cent	HK cent
Earnings per share			
Basic and diluted	8	0.04	0.78



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31st December 2018

	Attributable to owners of the Company					Total HK\$'000
	Share Capital HK\$'000 (Note i)	Share Premium HK\$'000 (Note ii)	Capital Reserve HK\$'000 (Note iii)	Merger Reserve HK\$'000 (Note iv)	Retained Earnings HK\$'000	
At 1st October 2018 (audited)	10,000	36,735	5,074	16	33,457	85,282
Profit and total comprehensive income for the period	—	—	—	—	395	395
<b>At 31st December 2018 (unaudited)</b>	<b>10,000</b>	<b>36,735</b>	<b>5,074</b>	<b>16</b>	<b>33,852</b>	<b>85,677</b>
At 1st October 2017 (audited)	—	—	5,074	16	33,720	38,810
Profit and total comprehensive income for the period	—	—	—	—	5,883	5,883
At 31st December 2017 (unaudited)	—	—	5,074	16	39,603	44,693

Notes:

- (i) The Company is a limited liability company incorporated in the Cayman Islands on 20th May 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. At the date of incorporation, 1 ordinary share was issued, nil paid, to the subscriber.
- (ii) The movements in share premium account were resulted from the capitalisation issue and the initial public offering completed in February 2018.
- (iii) The capital reserve of the Group represented the difference between the cost of investment and the issued share capital of a subsidiary.
- (iv) The merger reserve of the Group arose as a result of the reorganisation completed on 16th January 2018 (the "Reorganisation") in preparation for the listing of the issued shares of the Company (the "Shares") on GEM of the Stock Exchange (the "Listing") and represented the difference between the nominal value of new shares issued for the exchange of the issued shares of the subsidiary under the Reorganisation and the carrying amount of its share of the subsidiary's own equity items.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st December 2018

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands and registered as an exempted company with limited liability on 20th May 2016 and its issued Shares were initially listed on GEM of the Stock Exchange on 2nd February 2018 (the “**Listing Date**”). The address of the Company’s registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is located at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong. In the opinion of the Directors, the parent and the ultimate holding company of the Company is Achiever Choice Limited, a company incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Company is Mr. Chan Tsang Tieh (“**Mr. Chan**”) as of the date of this report.

The Company is an investment holding company and its principal subsidiaries are principally engaged in the provision of financial printing services in Hong Kong.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31st December 2018 (the “**Unaudited Condensed Consolidated Financial Statements**”) are presented in Hong Kong Dollars (“**HK\$**”) which is also the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise stated.

Pursuant to the Reorganisation of the Group in connection with the Listing, the Company became the holding company of the companies comprising the Group on 16th January 2018. Details of the Reorganisation are set out under the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

## 2. BASIS OF PREPARATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in preparing the audited financial statements for the year ended 30th September 2018.

On 1st October 2018, the Group adopted all the new and revised HKFRSs, amendments and interpretations that were effective from that date and were relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost basis.



### 3. REVENUE

Revenue represents the value of financial printing services rendered.

The following is an analysis of the Group's revenue from its financial printing services during the three months ended 31st December 2017 and 2018:

	For the three months ended 31st December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Listing-related documents	7,575	19,861
Periodical reporting documents	2,766	2,465
Compliance documents	3,357	3,480
Miscellaneous and marketing collaterals ( <i>Note</i> )	705	1,065
	<b>14,403</b>	26,871

*Note:* Miscellaneous and marketing collaterals mainly include corporate brochures, leaflets, calendars and other marketing materials.

### 4. SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive Directors, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of financial printing services.

In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, the Group does not present separately segment information.

### 5. INCOME TAX EXPENSE

	For the three months ended 31st December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits tax	97	1,621

Hong Kong profits tax is provided at the tax rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits arising in Hong Kong during the period and at the rate of 16.5% on the remaining of the estimated assessable profits above HK\$2,000,000 (2017: at a standard rate of 16.5%).

## 5. INCOME TAX EXPENSE (Continued)

The Company is an exempted company incorporated in the Cayman Islands. As such, there are no taxes on individuals or corporations based upon profits, income, gains or appreciations and there are no other taxes likely to be material to the Company levied by the government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

## 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the three months ended 31st December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Employee benefits expense (including Directors' emoluments):		
Salaries and allowances	5,311	4,776
Pension scheme contributions	201	189
	<b>5,512</b>	4,965
Depreciation of property, plant and equipment	71	63
Listing expenses	—	2,281
Minimum lease payments under operating leases	2,448	2,457

## 7. DIVIDENDS

The Board has resolved not to declare the payment of any dividend for the three months ended 31st December 2018 (HK\$Nil for the three months ended 31st December 2017).



## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the three months ended 31st December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<b>395</b>	5,883
	2018 '000	2017 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,000,000</b>	750,000
	<b>HK cent</b>	HK cent
Basic and diluted earnings per share	<b>0.04</b>	0.78

The diluted earnings per share is equal to the basic earnings per share as there were no potentially dilutive ordinary shares in issue during the period.

The number of ordinary shares for the purpose of calculating basic earnings per share for the three months ended 31st December 2017 is determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) had been effective on 1st October 2017. It does not take into account the issue of new shares pursuant to the Share Offer (as defined in the Prospectus) which took place after 31st December 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

During the three months ended 31st December 2018, the revenue of the Group dropped approximately 46.5% as compared to the same period of last year, which was mainly attributable to the decrease in revenue generated from the (i) listing-related documents segment of approximately HK\$12.3 million from approximately HK\$19.9 million for the three months ended 31st December 2017 to approximately HK\$7.6 million for the three months ended 31st December 2018; (ii) miscellaneous and marketing collaterals segment of approximately HK\$0.4 million from approximately HK\$1.1 million for the three months ended 31st December 2017 to approximately HK\$0.7 million for the three months ended 31st December 2018; and (iii) compliance documents segment of approximately HK\$0.1 million from approximately HK\$3.5 million for the three months ended 31st December 2017 to approximately HK\$3.4 million for the three months ended 31st December 2018; despite an increase in the revenue from periodical reporting documents segment of approximately HK\$0.3 million from approximately HK\$2.5 million for the three months ended 31st December 2017 to approximately HK\$2.8 million for the three months ended 31st December 2018. Such decrease was mainly due to the fierce market competition and the unfavourable economic conditions for the three months ended 31st December 2018.

We shall continue to leverage on the status as one of the listed companies and allocate the net proceeds from the Listing into their pre-designated uses as disclosed and detailed in the Prospectus. Along with the enhanced operation facilities, including the acquisition of hardware and software to upgrade computer and email systems and server configuration and the renovation works completed in our Central Office in Hong Kong, we endeavour to extend our operation capacities, consolidate our customer base and boost our market shares, thereby creating the maximum value for our shareholders at large.

### FINANCIAL REVIEW

#### Revenue

The Group's revenue decreased from approximately HK\$26.9 million for the three months ended 31st December 2017 to approximately HK\$14.4 million for the three months ended 31st December 2018, representing a decrease of approximately 46.5%. Segmentally, revenue generated from the listing-related documents, miscellaneous and marketing collaterals and compliance documents decreased by approximately HK\$12.3 million, approximately HK\$0.4 million and approximately HK\$0.1 million, respectively whereas revenue related to periodical reporting documents increased by approximately HK\$0.3 million. Such decrease was mainly due to the fierce market competition and the unfavourable economic conditions for the three months ended 31st December 2018.

#### Gross profit

The Group's gross profit decreased by approximately 51.2% from approximately HK\$16.2 million for the three months ended 31st December 2017 to approximately HK\$7.9 million for the three months ended 31st December 2018. The change was mainly attributable to the decrease in the revenue generated for the period.

#### Selling and distribution expenses

The Group's selling and distribution expenses decreased from approximately HK\$0.9 million for the three months ended 31st December 2017 to approximately HK\$0.4 million for the three months ended 31st December 2018. The decrease was mainly attributable to the decreases in staff cost and entertainment expenses.



### Administrative expenses

The Group's administrative expenses decreased from approximately HK\$7.9 million for the three months ended 31st December 2017 to approximately HK\$7.1 million for the three months ended 31st December 2018. The decrease was mainly attributable to the absence of the non-recurring listing expenses of approximately HK\$2.3 million occurred for the three months ended 31st December 2018; despite the incurrence of professional fees for post-listing compliance and the Directors' fees after the Listing.

### Income tax expense

The Group's income tax expense decreased from approximately HK\$1.6 million for the three months ended 31st December 2017 to approximately HK\$0.1 million for the three months ended 31st December 2018. The change in income tax expense was mainly attributable to the decrease in the estimated assessable profit for the three months ended 31st December 2018 as a result of the factors abovementioned.

### Profit for the period

The Group recorded a profit after tax of approximately HK\$5.9 million and approximately HK\$0.4 million for the three months ended 31st December 2017 and 2018, respectively. The change was generally in line with the drop of the Group's revenue during the three months ended 31st December 2018.

## FOREIGN CURRENCY EXPOSURE

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in HK\$, the Directors consider that the Group's risk in foreign exchange is insignificant.

## CAPITAL COMMITMENTS

As at 31st December 2018, apart from the implementation plans, capital needs and financing plans as stated in the sections headed "Future Plans and Use of Proceeds" and "Financial Information" of the Prospectus, the Group had no other new implementation plans or financing plans.

## CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31st December 2018 (31st December 2017: Nil).

## DIVIDEND

The Board has resolved not to declare the payment of any dividend for the three months ended 31st December 2018 (HK\$Nil for the three months ended 31st December 2017).

## EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events requiring disclosure that have occurred after 31st December 2018 and up to the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS

#### (a) Interests and short positions of Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31st December 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

#### Long position in the Shares

Name of Director	Capacity/nature of interest	Number of Shares held	Percentage of interest in the Company
Mr. Chan ( <i>Note</i> )	Interest in a controlled corporation	750,000,000	75%

*Note:* The Company is owned as to 75% by Achiever Choice Limited ("Achiever Choice") which is wholly owned by Mr. Chan, the chairman of the Board and an executive Director. Under the SFO, Mr. Chan is deemed to be interested in the same parcel of Shares held by Achiever Choice.

#### Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of interest in the company
Mr. Chan	Achiever Choice	Beneficial owner	1	100%

Save as disclosed above and so far as is known to the Directors, as at 31st December 2018, none of the Directors nor the chief executives of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.



## (b) Interests of substantial shareholders of the Company

As at 31st December 2018, so far as is known to the Directors, the following entity (not being a Director or the chief executive of the Company) had, or was deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares that would fall to be disclosed to the Company and the Stock Exchange 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 position in the Shares

Name of shareholder	Capacity/nature of interest	Number of Shares held	Percentage of interest in the Company
Achiever Choice ( <i>Note</i> )	Beneficial owner	750,000,000	75%

*Note:* Achiever Choice is the beneficial owner of 750,000,000 Shares, representing 75% of the Company's issued share capital. Achiever Choice is wholly owned by Mr. Chan.

Save as disclosed above and so far as is known to the Directors, as at 31st December 2018, the Directors were not aware of any other entity which or person (other than a Director or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares that would fall to be required to be disclosed to the Company and the Stock Exchange 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.

## SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was approved and conditionally adopted by the then sole shareholder of the Company by way of written resolutions on 16th January 2018. The Share Option Scheme became effective on the Listing Date. For the principal terms of the Share Option Scheme, please refer to "D. Share Option Scheme" in Appendix IV to the Prospectus.

As no share options have been granted by the Company under the Share Option Scheme since its adoption, there was no share option outstanding as at 31st December 2018 and no options were exercised or cancelled or lapsed during the three months ended that date.

## COMPETING INTERESTS

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that competed or might compete with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the three months ended 31st December 2018.

## INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited as the compliance adviser (the "**Compliance Adviser**"). The Compliance Adviser has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. As notified by the Compliance Adviser, as at 31st December 2018 and up to the date of this report, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser concerning the fees payable by the Company to the Compliance Adviser for acting in such capacity, none of the Compliance Adviser or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavours to adopt prevailing best corporate governance practices. During the three months ended 31st December 2018, the Company had complied with all the code provisions of the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules.

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

During the three months ended 31st December 2018, the Company did not redeem any of its listed securities, nor did the Company and any of its subsidiaries purchase or sell such securities.



## AUDIT COMMITTEE

The financial information in this report has not been audited by the independent auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the code provisions set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. As at the date of this report, the Audit Committee comprises Mr. Li Wai Ming (chairman), Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the three months ended 31st December 2018 and this report and is of the opinion that such results have been prepared in compliance with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By Order of the Board  
**EDICO Holdings Limited**  
**Chan Tsang Tieh**  
*Chairman and Executive Director*

Hong Kong, 28th January 2019

*As at the date of this report, the executive Directors are Mr. Chan Tsang Tieh (Chairman) and Mrs. Donati Chan Yi Mei Amy (Chief Executive Officer); and the independent non-executive Directors are Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie.*