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EDICO Holdings Limited

鉅京控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8450)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31ST MARCH 2019

The board (the “**Board**”) of directors (the “**Directors**”) of EDICO Holdings Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries for the six months ended 31st March 2019.

This announcement, containing the full text of the 2018/2019 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of interim results. The printed version of the 2018/2019 interim report of the Company containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 6th May 2019

As at the date of this announcement, 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.

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 Company Announcements” page on the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.edico.com.hk.

* For identification purpose only



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

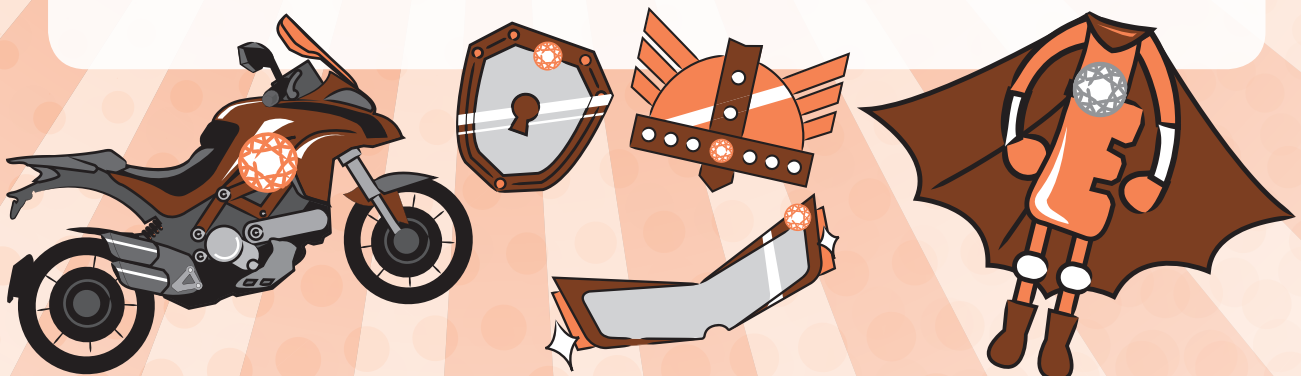


GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the 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.

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*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.*





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FINANCIAL HIGHLIGHTS

- The Group's unaudited revenue for the six months ended 31st March 2019 amounted to approximately HK\$22.5 million, decreased by approximately 40.8% as compared to that of the same period in 2018.
- The Group's unaudited gross profit for the six months ended 31st March 2019 amounted to approximately HK\$8.7 million, decreased by approximately 55.2% as compared to that of the same period in 2018.
- The Group recorded an unaudited net loss of approximately HK\$8.1 million and approximately HK\$3.5 million for the six months ended 31st March 2019 and 2018 respectively.
- The basic loss per share for the six months ended 31st March 2019 was HK0.81 cent (six months ended 31st March 2018: HK0.43 cent).
- The Board has resolved not to declare the payment of an interim dividend for the six months ended 31st March 2019 (HK\$0.005 per share for the six months ended 31st March 2018).



INTERIM RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months and three months ended 31st March 2019, together with the relevant comparative unaudited/audited figures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31st March 2019

	Note	For the three months ended 31st March		For the six months ended 31st March	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	8,049	11,163	22,452	38,034
Cost of services		(7,263)	(8,020)	(13,781)	(18,670)
Gross profit		786	3,143	8,671	19,364
Other income		251	5	375	10
Selling and distribution expenses		(675)	(959)	(1,115)	(1,815)
Administrative expenses		(8,993)	(12,134)	(16,070)	(20,000)
Loss before tax		(8,631)	(9,945)	(8,139)	(2,441)
Income tax credit/(expense)	5	97	533	—	(1,088)
Loss and total comprehensive loss for the period attributable to the owners of the Company	6	(8,534)	(9,412)	(8,139)	(3,529)
		HK cents	HK cents	HK cents	HK cents
Loss per share					
Basic and diluted	8	(0.85)	(1.03)	(0.81)	(0.43)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31st March 2019*

	<i>Note</i>	As at 31st March 2019 HK\$'000 (Unaudited)	As at 30th September 2018 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment	9	3,819	650
Current Assets			
Amounts due from customers on service contracts	10	9,445	10,974
Trade receivables	11	15,357	26,324
Prepayments and deposits		3,792	3,705
Cash and banks balances and time deposits		49,301	62,389
Income tax recoverable		511	—
Total Current Assets		78,406	103,392
Current Liabilities			
Amounts due to customers on service contracts	10	2,728	2,580
Trade payables	12	3,288	7,399
Other payables and accruals	13	4,066	5,509
Income tax payable		—	3,272
Total Current Liabilities		10,082	18,760
Net Current Assets		68,324	84,632
Net Assets		72,143	85,282
Capital and Reserves			
Equity attributable to owners of the Company			
Share capital	14	10,000	10,000
Reserves		62,143	75,282
Total Equity		72,143	85,282

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st March 2019

	Attributable to owners of the Company					Total HK\$'000
	Share Capital	Share Premium	Capital Reserve	Merger Reserve	Retained Earnings	
	HK\$'000 (Note i)	HK\$'000 (Note ii)	HK\$'000 (Note iii)	HK\$'000 (Note iv)	HK\$'000	
At 1st October 2018 (audited)	10,000	36,735	5,074	16	33,457	85,282
Loss and total comprehensive loss for the period	—	—	—	—	(8,139)	(8,139)
Dividend paid	—	—	—	—	(5,000)	(5,000)
At 31st March 2019 (unaudited)	10,000	36,735	5,074	16	20,318	72,143
At 1st October 2017 (audited)	—	—	5,074	16	33,720	38,810
Loss and total comprehensive loss for the period	—	—	—	—	(3,529)	(3,529)
Capitalisation issue of shares	7,500	(7,500)	—	—	—	—
Issue of shares for initial public offering (the "IPO")	2,500	52,500	—	—	—	55,000
Share issue expenses	—	(8,265)	—	—	—	(8,265)
At 31st March 2018 (unaudited)	10,000	36,735	5,074	16	30,191	82,016

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. On the date of incorporation, 1 ordinary share was issued, nil paid, to the subscriber as described in note 14 below.
- (ii) During the six months ended 31st March 2018, the movements in share premium account were resulted from the capitalisation issue and the IPO as described in note 14 below.
- (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 of the Group in preparation for the listing of the Company's shares on GEM (the "Listing" and the "Reorganisation", respectively) completed on 16th January 2018 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.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st March 2019

	Six months ended 31st March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash (used in)/from operating activities	(4,936)	2,872
Cash Flows from Investing Activities		
Interest received	331	5
Purchase of property, plant and equipment	(3,483)	(155)
Net cash used in investing activities	(3,152)	(150)
Cash Flows from Financing Activities		
Proceeds from issue of new shares by way of IPO	—	55,000
Payment for transaction costs attributable to issue of new shares	—	(8,265)
Dividend paid	(5,000)	—
Net cash (used in)/from financing activities	(5,000)	46,735
Net (decrease)/increase in cash and cash equivalents	(13,088)	49,457
Cash and cash equivalents at the beginning of the period	62,389	19,091
Cash and cash equivalents at the end of the period	49,301	68,548



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st March 2019

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 (the “**Shares**”) were initially listed on GEM 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 “**BVI**”). The ultimate controlling shareholder of the Company is Mr. Chan Tsang Tieh (“**Mr. Chan**”), the chairman of the Board (the “**Chairman**”) and an executive Director, 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 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, 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 of the Company dated 23rd January 2018 (the “**Prospectus**”).

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 31st March 2019 have been prepared in accordance with the applicable Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim 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 Hong Kong Financial Reporting Standards (“**HKFRSs**”), amendments and interpretations that were effective from that date and were relevant to its operations. The adoption of those 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 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 and six months ended 31st March 2018 and 2019:

	For the three months ended		For the six months ended	
	31st March		31st March	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Listing-related documents	2,685	5,794	10,260	25,655
Periodical reporting documents	2,243	2,122	5,009	4,587
Compliance documents	2,222	2,710	5,579	6,190
Miscellaneous and marketing collaterals (<i>Note</i>)	899	537	1,604	1,602
	8,049	11,163	22,452	38,034

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 CREDIT/(EXPENSE)

	For the three months ended 31st March 2019 HK\$'000 (Unaudited)		For the six months ended 31st March 2019 HK\$'000 (Unaudited)	
		2018 HK\$'000 (Unaudited)		2018 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits tax	97	533	—	(1,088)

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

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 six months ended 31st March 2019 and at the rate of 16.5% on the remaining of the estimated assessable profits above HK\$2,000,000 (2018: at a standard rate of 16.5%).

Deferred tax assets are measured at the tax rates of 16.5% that are expected to apply in the relevant period in which the liability is settled or the asset is realized.

6. LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD

Loss and total comprehensive loss for the period has been arrived at after charging:

	For the three months ended 31st March 2019 HK\$'000 (Unaudited)		For the six months ended 31st March 2019 HK\$'000 (Unaudited)	
		2018 HK\$'000 (Unaudited)		2018 HK\$'000 (Unaudited)
Employee benefits expense (including Directors' emoluments):				
Salaries and allowances	6,582	5,112	11,893	9,888
Pension scheme contributions	221	207	422	396
	6,803	5,319	12,315	10,284
Depreciation of property, plant and equipment	243	62	314	125
Listing expenses	—	6,120	—	8,401
Minimum lease payments under operating leases	3,225	2,468	5,673	4,925



7. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the six months ended 31st March 2019 (HK\$0.005 per share, totalling HK\$5.0 million, for the six months ended 31st March 2018).

8. LOSS PER SHARE

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

	For the three months ended 31st March		For the six months ended 31st March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss:				
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	(8,534)	(9,412)	(8,139)	(3,529)
	2019 '000	2018 '000	2019 '000	2018 '000
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	1,000,000	911,111	1,000,000	829,670
	HK cents	HK cents	HK cents	HK cents
Basic and diluted loss per share	(0.85)	(1.03)	(0.81)	(0.43)

The diluted loss per share is equal to the basic loss per share as there were no potentially dilutive ordinary Shares outstanding during the six months ended 31st March 2019 and 2018.

The number of Shares for the purpose of calculating basic loss per share for the three months and six months ended 31st March 2019 and the corresponding periods in 2018 has been adjusted for the effect of the Capitalisation Issue (as defined in the Prospectus) immediately preceding the completion of the Listing.

The weighted average number of ordinary Shares for the purpose of calculating basic loss per share for the six months ended 31st March 2018 has taken into account the assumption that the Capitalisation Issue (as defined in the Prospectus) had been effective on 1st October 2017 and the issue of Shares upon the IPO as described fully in note 14 below.

9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 31st March 2019, the Group acquired plant and equipment at an aggregate cost of approximately HK\$3,483,000 (31st March 2018: approximately HK\$155,000).

10. AMOUNTS DUE FROM/(TO) CUSTOMERS ON SERVICE CONTRACTS

	As at 31st March 2019 HK\$'000 (Unaudited)	As at 30th September 2018 HK\$'000 (Audited)
Contract costs incurred plus attributable profit less foreseeable loss	24,578	25,040
Progress billing	(17,459)	(16,244)
Impairment	7,119 (402)	8,796 (402)
	6,717	8,394
Representing:		
Amounts due from customers on service contracts	9,445	10,974
Amounts due to customers on service contracts	(2,728)	(2,580)
	6,717	8,394



11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45–60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31st March 2019 HK\$'000 (Unaudited)	As at 30th September 2018 HK\$'000 (Audited)
Within 30 days	7,442	11,145
31 to 60 days	1,111	411
61 to 90 days	692	3,915
91 to 180 days	1,028	7,902
181 days to one year	3,064	1,892
Over one year	2,020	1,059
	15,357	26,324

12. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31st March 2019 HK\$'000 (Unaudited)	As at 30th September 2018 HK\$'000 (Audited)
Within 30 days	2,669	4,499
31 to 60 days	414	1,470
61 to 90 days	19	247
91 to 180 days	23	1,007
181 days to one year	100	151
Over one year	63	25
	3,288	7,399

The trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

13. OTHER PAYABLES AND ACCRUALS

	As at 31st March 2019 HK\$'000 (Unaudited)	As at 30th September 2018 HK\$'000 (Audited)
Accruals	1,580	3,182
Deposit from customers	2,486	2,327
	4,066	5,509

14. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1st October 2016 and 30th September 2017 (note (a))	38,000,000	380,000
Increase in authorised share capital on 16th January 2018 (note (c)(ii))	4,962,000,000	49,620,000
At 30th September 2018 and 31st March 2019	5,000,000,000	50,000,000
Issued and fully paid:		
At 1st October 2016 and 30th September 2017	1	—
Reorganisation (note (b))	99	1
Capitalisation issue (note (c)(iii))	749,999,900	7,499,999
Issue of new shares upon Listing (note (d))	250,000,000	2,500,000
At 30th September 2018 and 31st March 2019	1,000,000,000	10,000,000

Notes:

- (a) 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. On the date of incorporation, 1 ordinary share was issued, nil paid, to the subscriber.
- (b) On 16th January 2018, the Company allotted and issued 99 shares to Achiever Choice Limited, in order to complete the Reorganisation as disclosed in the Prospectus.
- (c) Pursuant to a resolution passed by the Company's sole shareholder on 16th January 2018 that:
- (i) the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of additional 4,962,000,000 shares with par value of HK\$0.01 each;
 - (ii) conditional on the share premium account of the Company having sufficient balance, or otherwise being credited as a result of a global offering, the Directors were authorised to capitalise HK\$7,499,999 from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 749,999,900 shares for allotment and issue to the sole shareholder.
- (d) On 2nd February 2018, the Company issued 250,000,000 new shares at HK\$0.22 per share for total gross proceeds of approximately HK\$55,000,000 by way of IPO of the Company on the Stock Exchange. The proceeds of HK\$2,500,000, representing the aggregate par value of the above shares of the Company, were credited to the Company's share capital account. The remaining proceeds of HK\$52,500,000, before the issue expenses of HK\$8,265,000, were credited to the share premium account of the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the six months ended 31st March 2019, the Group recorded a decrease in revenue of approximately 40.8% 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\$15.4 million from approximately HK\$25.7 million for the six months ended 31st March 2018 to approximately HK\$10.3 million for the six months ended 31st March 2019; and (ii) compliance documents segment of approximately HK\$0.6 million from approximately HK\$6.2 million for the six months ended 31st March 2018 to approximately HK\$5.6 million for the six months ended 31st March 2019. The Group recorded a loss after tax of approximately HK\$8.1 million for the six months ended 31st March 2019 as compared with that of approximately HK\$3.5 million for the six months ended 31st March 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 predesignated uses as disclosed and detailed in the Prospectus. Along with the enhanced operation facilities and the renovation works completed in our office in Central, 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\$38.0 million for the six months ended 31st March 2018 to approximately HK\$22.5 million for the six months ended 31st March 2019, representing a decrease of approximately 40.8%. Segmentally, revenue generated from the listing-related documents and revenue generated from compliance documents decreased by approximately HK\$15.4 million and approximately HK\$0.6 million, respectively whereas revenue related to periodical reporting documents increased by approximately HK\$0.4 million and revenue generated from miscellaneous and marketing collaterals remained relatively stable at approximately HK\$1.6 million. The decrease in revenue was mainly due to (i) a significant drop in the revenue generated from handling listing-related documents as a result of a decrease in the number of new customers successfully listed on the Stock Exchange during the six months ended 31st March 2019; and (ii) an unexpected delay in the progress of certain customers who were applying to be listed on the Stock Exchange due to the market conditions.

Cost of services

The Group's cost of services mainly included translation cost, printing cost and staff cost, which represented approximately 32.8%, 18.4% and 32.3%, respectively of the Group's total cost of services for the six months ended 31st March 2019. The Group's cost of services decreased from approximately HK\$18.7 million for the six months ended 31st March 2018 to approximately HK\$13.8 million for the six months ended 31st March 2019, representing a decrease of approximately 26.2%. The decrease in cost of services was generally in line with the decrease of the Group's revenue during the period under review.

Gross profit

The Group's gross profit decreased from approximately HK\$19.4 million for the six months ended 31st March 2018 to approximately HK\$8.7 million for the six months ended 31st March 2019, representing a decrease of approximately 55.2%. The decrease was mainly attributable to the decrease in revenue generated from the listing-related documents and compliance documents.

Other income

The Group's other income was approximately HK\$10,000 and approximately HK\$0.4 million for the six months ended 31st March 2018 and 2019 respectively, which was mainly due to the increase in bank interest income.

Selling and distribution expenses

The Group's selling and distribution expenses decreased from approximately HK\$1.8 million for the six months ended 31st March 2018 to approximately HK\$1.1 million for the six months ended 31st March 2019. The decrease was mainly attributable to the decrease in staff cost and entertainment expenses.

Administrative expenses

The Group's administrative expenses decreased from approximately HK\$20.0 million for the six months ended 31st March 2018 to approximately HK\$16.1 million for the six months ended 31st March 2019. The decrease was mainly attributable to the absence of the non-recurring Listing expenses.

Income tax expense

The Group's income tax expense decreased from approximately HK\$1.1 million for the six months ended 31st March 2018 to approximately HK\$Nil for the six months ended 31st March 2019. The decrease was mainly attributable to the decrease in revenue.

Loss for the period

The Group recorded a loss after tax of approximately HK\$8.1 million for the six months ended 31st March 2019 as compared with that of approximately HK\$3.5 million for the six months ended 31st March 2018. The change was mainly attributable to the decrease in revenue and the incurrence of professional fees for post-listing compliance and Directors' fee after the Listing.

Liquidity, Financial Resources and Capital Structure

As at 31st March 2019, our Group had cash and bank balances and time deposits of approximately HK\$49.3 million (30th September 2018: HK\$62.4 million) and did not have any bank borrowings.

Our primary use of cash is to satisfy our working capital and capital expenditure needs. Historically, our Group's use of cash was mainly financed through a combination of cash received from the provision of services and financial support from our shareholder. Since the Listing, our liquidity requirements have been satisfied using a combination of cash generated from operating activities and proceeds from the Listing. Our Directors believe that in the long term, our Group's operation will be funded by internally generated cash flows and, if necessary, additional equity and/or debt financing.

As at 31st March 2019, our Group's current assets amounted to approximately HK\$78.4 million (30th September 2018: HK\$103.4 million) and current liabilities amounted to approximately HK\$10.1 million (30th September 2018: HK\$18.8 million). Current ratio was 7.8 times as at 31st March 2019 (30th September 2018: 5.5 times).

Capital Expenditure

For the six months ended 31st March 2019, our capital expenditure amounted to approximately HK\$3.5 million and mainly arose from expenditures for the renovation of our office in Central, Hong Kong and purchase of office equipment.

Use of Proceeds from the Listing

The Shares were listed on GEM on 2nd February 2018 with net proceeds received by the Company from the Share Offer (as defined in the Prospectus) in the amount of approximately HK\$28.7 million after deducting underwriting commission and all related listing expenses. The net proceeds received from the Share Offer have been/will be used in the manner consistent with that set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The table below sets out the planned applications of the net proceeds and actual usage:

Intended application of the net proceeds	Planned use of net proceeds (Note 1) (HK\$ million)	Actual usage up to 31st March 2019 (HK\$ million)	Unutilised net proceeds as at 31st March 2019 (HK\$ million)
Upgrading our Central Office (Note 2) and setting up new office	18.6	3.1	15.2
Expanding our workforce	10.0	1.7	8.3
Upgrading and acquiring equipment and software	6.0	1.2	4.8

Notes:

(1) Refers to the planned use of net proceeds as stated in the Prospectus.

(2) Central Office represents our headquarters and principal place of business located at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong.

As at the date of this report, the unused net proceeds were deposited in a licensed bank in Hong Kong and the Directors do not anticipate any material change to the plan as to the use of proceeds.

Comparison of Business Objectives with Actual Progress

The following is a comparison of the Group's business objectives as set out in the Prospectus with actual progress.

Business objective set out in the Prospectus	Actual progress up to 31st March 2019
— Upgrading the Central Office and setting up new office (Note)	Renovation work in Central Office was completed by the end of December 2018.
— Expanding the workforce	The Group has recruited additional staff to join the sales, services and operations departments.
— Upgrading and acquiring equipment and software	The Group has upgraded its computer and email system, upgraded its existing server configuration, and acquired conference rooms' facilities.

Note: Reference is made to the Prospectus under the section headed "Use of Proceeds". It is disclosed that we planned to utilise a portion of the net proceeds from the Share Offer (as defined in the Prospectus) for setting up a new office which (i) was to replace the office located at New Kowloon Plaza, Hong Kong (the "Kowloon Office") upon the lease expiration in August 2018 and (ii) would be in the proximity of the Central Office. At the time we designated our plan in the section headed "Use of Proceeds" and the time we were actively sourcing an appropriate office in the vicinity of Central and western districts in Hong Kong subsequent to the Listing, we have found that rental had soared significantly during the intervening period. We, therefore, resorted to extend the lease contract of the Kowloon Office for another year but shall continue to source a prospective location in the Central and western districts as planned and stated in the Prospectus. A renovation work has been undertaken in the Kowloon Office and our creative and graphic department has been re-allocated from the Central Office to the Kowloon Office so as to allow more room for future recruitment and expansion of workforce in the Central Office.

Gearing Ratio

Gearing ratio is calculated as net debt (comprising trade payables, other payables and accruals, and tax payable, less cash and cash equivalents) at the end of the respective period divided by total equity. Gearing ratio as at 31st March 2019 was 0% (30th September 2018: 0%).

FOREIGN CURRENCY EXPOSURE

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

CAPITAL COMMITMENTS

As at 31st March 2019, 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 March 2019 (31st March 2018: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the six months ended 31st March 2019.

SIGNIFICANT INVESTMENTS

As at 31st March 2019, the Group did not hold any significant investments or capital assets.

CHARGES ON THE GROUP'S ASSETS

As at 31st March 2019, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2019, the Group had a total headcount of 61 full-time employees (31st March 2018: 62 full-time employees). The Group's employee benefit expenses mainly include salaries, wages, discretionary bonus, other staff benefits and contributions to retirement schemes. Remuneration is determined by reference to the market conditions and the performance, qualification and experience of individual employee.

Furthermore, the Company has adopted a share option scheme as an incentive or reward for the eligible participants for their contribution to the Group, and provides continuous trainings to its employees to improve their skills and develop their potential.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 31st March 2019 (HK\$0.005 per share, totalling HK\$5.0 million, for the six months ended 31st March 2018).

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events requiring disclosure that have occurred after 31st March 2019 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 March 2019, 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 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 March 2019, 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 March 2019, 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 March 2019, 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 March 2019 and no options were exercised or cancelled or lapsed during the six 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 six months ended 31st March 2019.

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, for the six months ended 31st March 2019 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 six months ended 31st March 2019, the Company had complied with all the code provisions of the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the **"Required Standard of Dealings"**) as its own code of conduct governing the securities transactions by the Directors. The Company had also made specific enquiries of all the Directors and each of them has confirmed that he/she had complied with the Required Standard of Dealings during the six months ended 31st March 2019.

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

During the six months ended 31st March 2019, 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 six months ended 31st March 2019 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, 6th May 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.