

**EDICO HOLDINGS LTD:**  
**DO NOT JUMP TO CONCLUSIONS**  
**BY THE FIRST-QUARTER'S RESULTS !**

In the event that The Stock Exchange of Hongkong Ltd partially loses its lustre as a venue in Asia to be able to mop up some interest-free cash from investors for corporate entities, seeking a listing, one company that will certainly suffer a reversal of fortunes, proportional, of course, to the amount of lustre that is lost, is EDICO Holdings Ltd () (Code: 8450, The **G**rowth **E**nterprise **M**arket [the **GEM**].

(The GEM is the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and it does not possess anywhere near the prestige of the Main Board of The Stock Exchange of Hongkong Ltd.)

The reason that EDICO Holdings Ltd would be among the foremost publicly listed companies to suffer a fall in Revenue/Net Profit should managements of **I**nitial **P**ublic **O**fferings (**IPOs**) determine to seek listings elsewhere, forsaking the HKSAR, is due to this Company's reliance on profits, derived from IPOs.

(More about this situation, later in this analysis.)

**The IPO Of EDICO Holdings Ltd**

Management of EDICO Holdings Ltd published and disseminated its Share Offer Prospectus in the HKSAR on January 23, 2018.

The Company Offered 250 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a

low of 20 cents to a high of 24 cents.

Investors of the HKSAR were Offered 25 million Shares (the Public Offer tranche) while 225 million Shares were reserved for Professional/Institutional Investors via Share Placements (the Placing tranche).

On February 1, 2018, Management announced that the Share Price had been struck at 22 cents and that the Company anticipated netting about \$HK32.20 million from this cash-call.

The Public Offer tranche, one was told in the Allotment Results Announcement of February 1, was said to have been 334.90 times oversubscribed.

As for the Placing tranche, it had been '*moderately oversubscribed*' by approximately 1.90 times, one was told.

At Page Seven of this public announcement, Management stated how the net proceeds of the IPO would be utilised:

- Approximately, \$HK15.60 million, that is about 48.40 percent, '*will be used for upgrading our Central Office and setting up New Office*';
- Approximately, \$HK8.40 million, that is about 26.00 percent, '*will be used for expanding our workforce*';
- Approximately, \$HK5.00 million, that is about 15.60 percent, '*will be used for upgrading and acquiring equipment and software*'; and,
- Approximately, \$HK3.20 million, that is about 10.00 percent, '*will be used as general working capital*'.

Trading in the shares of this Company commenced on Friday, February 2, 2018, and, thus far, the share price has never approached the Offer Price of 22 cents.

### **The Business Of EDICO Holdings Ltd**

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