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EDVANCE INTERNATIONAL HOLDINGS LIMITED

安領國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8410)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Edvance International Holdings Limited (the “**Company**”) 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 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.*

FINANCIAL HIGHLIGHTS

The Company and its subsidiaries (the “**Group**”) recorded in revenue and gross profit of approximately HK\$54.5 million and HK\$15.7 million for the three months ended 30 June 2017, representing an increase of approximately 3.4% and 7.5% respectively when compared with revenue and gross profit of approximately HK\$52.7 million and HK\$14.6 million for the three months ended 30 June 2016.

The net profit after tax of the Group for the three months ended 30 June 2017 decreased to approximately HK\$1.3 million (the three months ended 30 June 2016: HK\$4.6 million). It was mainly due to the increases in (i) rental expenses and depreciation provided for our expansion of Hong Kong headquarters; (ii) consultancy and professional fees incurred for our compliance requirements upon listing; and (iii) brand promotion fee associated with the Group’s expansion. Such increase was amounted to approximately HK\$2.8 million in total during the period.

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2017.

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2017, together with the unaudited comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | Three months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2017 HK\$'000 (unaudited) | 2016 HK\$'000 (unaudited) |
| Revenue | 3 | 54,500 | 52,707 |
| Cost of sales | | (38,774) | (38,078) |
| Gross profit | | 15,726 | 14,629 |
| Other income | | 109 | 224 |
| Other gains and losses, net | | (17) | 101 |
| Distribution and selling expenses | | (5,043) | (3,456) |
| Administrative expenses | | (8,531) | (4,991) |
| Listing expenses | | (178) | (700) |
| Finance costs | | (294) | (208) |
| Profit before taxation | | 1,772 | 5,599 |
| Taxation | 4 | (484) | (977) |
| Profit for the period | | 1,288 | 4,622 |
| Other comprehensive income/(expense) for the period: | | | |
| Item that may be subsequently reclassified to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | 93 | (182) |
| Total comprehensive income for the period | | 1,381 | 4,440 |
| Profit for the period attributable to: | | | |
| – owners of the Company | | 1,288 | 3,853 |
| – non-controlling interests | | – | 769 |
| | | 1,288 | 4,622 |
| Total comprehensive income for the period attributable to: | | | |
| – owners of the Company | | 1,381 | 3,700 |
| – non-controlling interests | | – | 740 |
| | | 1,381 | 4,440 |
| Earnings per share (HK cents) | 5 | 0.14 | 0.62 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | Total HK\$'000 | Non- controlling interests HK\$'000 | Total HK\$'000 |
|---|---------------------------------------|------------------------------|-------------------------------|------------------------------------|------------------------------------|-------------------|--|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserves HK\$'000 | Translation reserve HK\$'000 | Accumulated profits HK\$'000 | | | |
| For the three months ended 30 June 2016 | | | | | | | | |
| At 1 April 2016 (audited) | 1 | – | (1,298) | 274 | 11,160 | 10,137 | 1,931 | 12,068 |
| Profit for the period | – | – | – | – | 3,853 | 3,853 | 769 | 4,622 |
| Other comprehensive expense for the period | – | – | – | (153) | – | (153) | (29) | (182) |
| Total comprehensive (expense) income for the period | – | – | – | (153) | 3,853 | 3,700 | 740 | 4,440 |
| Partial disposal of subsidiaries without losing control (Note (i)) | – | – | (1,349) | – | – | (1,349) | 1,349 | – |
| At 30 June 2016 (unaudited) | 1 | – | (2,647) | 121 | 15,013 | 12,488 | 4,020 | 16,508 |
| For the three months ended 30 June 2017 | | | | | | | | |
| At 1 April 2017 (audited) | – | – | 3,633 | (184) | 5,746 | 9,195 | – | 9,195 |
| Profit for the period | – | – | – | – | 1,288 | 1,288 | – | 1,288 |
| Other comprehensive income for the period | – | – | – | 93 | – | 93 | – | 93 |
| Total comprehensive income for the period | – | – | – | 93 | 1,288 | 1,381 | – | 1,381 |
| Issue of shares by capitalisation of share premium (Note (ii)) | 7,500 | (7,500) | – | – | – | – | – | – |
| Issue of new shares (Note (ii)) | 2,500 | 77,500 | – | – | – | 80,000 | – | 80,000 |
| Listing expenses related to the issue of new shares | – | (7,475) | – | – | – | (7,475) | – | (7,475) |
| At 30 June 2017 (unaudited) | 10,000 | 62,525 | 3,633 | (91) | 7,034 | 83,101 | – | 83,101 |

Notes:

- (i) On 24 June 2016, 8% equity interest in Best Gear Group Limited were disposed by Mr. Lo Wai Ho Ashley to non-controlling shareholders of the Company, resulting a deficit changed to other reserves.
- (ii) On 19 April 2017, the Company issued 749,999,900 new shares of HK\$0.01 each (the “Shares”) through capitalisation of HK\$7,499,999 standing to the credit of share premium account of the Company. Also, as a result of the share offer, 250,000,000 new Shares were issued at an offer price of HK\$0.32 per Share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

1. GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of IT Security Products and provision of IT Security Services. The address of the registered office and principal place of business of the Company are PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 39th Floor, Monterey Plaza, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016. Pursuant to a group reorganisation (the “**Reorganisation**”) to rationalise the structure of the Group in preparation of the listing of the Company’s shares on the GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 31 March 2017 (the “**Prospectus**”) and Note 2 to the Consolidated Financial Statements in the annual report of the Company for the year ended 31 March 2017.

On 19 April 2017, the Company issued 749,999,900 new Shares through capitalisation of HK\$7,499,999 standing to the credit of share premium account of the Company. Also, as a result of the share offer, 250,000,000 new Shares were issued at an offer price of HK\$0.32 per Share.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the GEM Listing Rules. The principal accounting policies used in the first quarterly unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2017.

3. REVENUE AND SEGMENT RESULTS

Revenue represents the fair value of amounts received and receivable for goods sold and services provided by the Group to outside customers, less discount, sales related taxes and other allowances for the periods, and is analysed as follows.

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision makers (“**CODM**”) that are making strategic decisions. Information reported to the CODM is based on the business lines operated by the Group. No operating segments have been aggregated to form the following reportable segments.

Details of the Group’s operating and reportable segments are as follows:

- (1) IT Security Products business refers to the procurement of network security products, system security products and application and data security products by the Group; and
- (2) IT Security Services business refers to the provision of technical implementation, maintenance and support and consultancy services to customers by the Group.

An analysis of the Group's operating and reportable segment revenue and segment results is as below:

| | IT Security Products business HK\$'000 (Unaudited) | IT Security Services business HK\$'000 (Unaudited) | Total HK\$'000 (Unaudited) |
|---|---|---|---|
| <i>For the three months ended 30 June 2017</i> | | | |
| Segment revenue | <u>30,502</u> | <u>23,998</u> | <u>54,500</u> |
| Segment results | <u>6,498</u> | <u>9,228</u> | 15,726 |
| Other income | | | 109 |
| Other gains and losses, net | | | (17) |
| Distribution and selling expenses | | | (5,043) |
| Administrative expenses | | | (8,531) |
| Listing expenses | | | (178) |
| Finance costs | | | (294) |
| Profit before taxation | | | <u>1,772</u> |
| | IT Security Products business HK\$'000 (Unaudited) | IT Security Services business HK\$'000 (Unaudited) | Total HK\$'000 (Unaudited) |
| <i>For the three months ended 30 June 2016</i> | | | |
| Segment revenue | <u>29,954</u> | <u>22,753</u> | <u>52,707</u> |
| Segment results | <u>7,697</u> | <u>6,932</u> | 14,629 |
| Other income | | | 224 |
| Other gains and losses, net | | | 101 |
| Distribution and selling expenses | | | (3,456) |
| Administrative expenses | | | (4,991) |
| Listing expenses | | | (700) |
| Finance costs | | | (208) |
| Profit before taxation | | | <u>5,599</u> |

4. TAXATION

| | Three months ended 30 June | |
|-------------------------|----------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current tax: | | |
| Hong Kong Profits Tax | 341 | 977 |
| Macau Complementary Tax | 143 | – |
| | <u>484</u> | <u>977</u> |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the three months ended 30 June 2017 and 2016.

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the period. No provision of Macau Complementary Tax was made for the three months ended 30 June 2016 as the subsidiary in Macau incurred a tax loss during the period.

No provision for Singapore income tax and the People's Republic of China (the "PRC") Enterprise income tax have been made as the Group did not generate any assessable profits arising in Singapore and the PRC during the three months ended 30 June 2017 and 2016.

5. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company was based on the profit attributable to owners of the Company for the three months ended 30 June 2017 of approximately HK\$1.3 million (three months ended 30 June 2016: HK\$3.9 million), and the weighted average number of ordinary shares in issue during the three months ended 30 June 2017 of 947,802,198 (three months ended 30 June 2016: 625,384,615) on the basis that the 750,000,000 ordinary shares of the Company in issue immediately after the Reorganisation and the capitalisation issue were assumed to have been issued on 1 April 2016.

No diluted earnings per share is calculated for the three months ended 30 June 2017 and 2016 as there were no potential dilutive ordinary shares in existence.

6. DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2017 (three months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The shares of the Company were successfully listed (the “**Listing**”) on the GEM of the Stock Exchange on 19 April 2017 (the “**Listing Date**”) by way of share offer.

As an IT Security Solutions value-added distributor, we introduce IT Security Products and provide related IT Security Services to Hong Kong, the PRC, Singapore and various markets. Our customers are mainly IT companies which act as resellers in providing overall IT Solutions to end-users. Our suppliers are mainly multinational corporations which provide IT Security Products, including hardware, software and auxiliary products.

For the three months ended 30 June 2017 (“**FY2018 Q1**”), IT Security Products and IT Security Services accounted for approximately 56.0% (the three months ended 30 June 2016 (“**FY2017 Q1**”): 56.8%) and 44.0% (FY2017 Q1: 43.2%) of the total revenue respectively. The business of IT Security Products and IT Security Services in FY2018 Q1 remain stable when compare to FY2017 Q1. Listing on the Stock Exchange has marked a new milestone to the Group. In the future, we will strive to continue to pursue our business strategies, including broadening IT Security Products portfolio, deeping marketing penetration by introducing IT Security Products to reputable corporate end-users and enhancement of our sales and marketing and technical support functions.

OUTLOOK AND PROSPECTS

Cybersecurity has been an increasingly hot area of discussion, with the emergence and proliferation of big data, cloud computing, and data analytics. As more and more information is being collected, ensuring the security of such data is crucial to both businesses and consumers. It is a global issue that touches all organisations and functions, and there are needs to be an organisational understanding of cybersecurity issues and their impacts on the businesses.

Going ahead, our Group will continue to leverage our competitive strengths to capture the growing business opportunities in the IT Security Solutions market in the Asia Pacific region.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately HK\$1.8 million, or 3.4%, from approximately HK\$52.7 million in FY2017 Q1 to approximately HK\$54.5 million in FY2018 Q1. The increase was mainly due to the introduction of new vendors and the growth in sales of the existing products carried out by our Group with increased market penetration of such products.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$1.1 million, or 7.5%, from approximately HK\$14.6 million in FY2017 Q1 to approximately HK\$15.7 million in FY2018 Q1. The increase was in line with the increase in revenue. The gross profit margin increased slightly by 1.1% from 27.8% in FY2017 Q1 to 28.9% in FY2018 Q1.

Other income

Other income mainly comprises of bank interest income, sundry income and interest income from deposits for life insurance contracts that we have purchased for our Directors and senior staff. The amount decreased by approximately HK\$0.1 million from approximately HK\$0.2 million in FY2017 Q1 to approximately HK\$0.1 million in FY2018 Q1. The decrease was mainly due to decrease in sundry income and interest income from deposits for life insurance contracts.

Other gains and losses, net

Other gains and losses mainly comprises of fair value changes of derivative financial instruments and net foreign exchange gains or losses. The amount decreased by approximately HK\$0.1 million when compare to last period. The change was mainly due to the decrease in net foreign exchange gains or losses.

Distribution and selling expenses

The Group's distribution and selling expenses increased by approximately HK\$1.5 million, or 42.9%, from approximately HK\$3.5 million in FY2017 Q1 to approximately HK\$5.0 million in FY2018 Q1. The increase was mainly due to more cost incurred on brand promotion of the Group.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$3.5 million, or 70.0%, from approximately HK\$5.0 million in FY2017 Q1 to approximately HK\$8.5 million in FY2018 Q1. The increase was mainly due to (i) increase in rental expenses and depreciation provided for our expansion of Hong Kong headquarters and (ii) increase in consultancy and professional fees incurred for our compliance requirements upon Listing.

Finance costs

The Group's finance costs increased by approximately HK\$0.1 million, or 50.0%, from approximately HK\$0.2 million in FY2017 Q1 to approximately HK\$0.3 million in FY2018 Q1. The increase was mainly due to the increased bank borrowings for financing the Group's expansion.

Taxation

The Group's taxation decreased by approximately HK\$0.5 million, or 50.0%, from approximately HK\$1.0 million in FY2017 Q1 to approximately HK\$0.5 million in FY2018 Q1. The decrease was mainly due to lower taxable profit as a result of increase in administrative expenses.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit attributable to owner of the Company decreased from approximately HK\$3.8 million in FY2017 Q1 to HK\$1.3 million in FY2018 Q1.

EVENT AFTER REPORTING PERIOD

Subsequent to the three months ended 30 June 2017, a total of 18,000,000 share options were granted to 60 eligible participants under the Share Option Scheme of the Company (the “**Share Option Scheme**”). Details of the Share Option Scheme are set out in the Prospectus.

OTHER INFORMATION

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 23 March 2017. As at 30 June 2017, no share option has been granted under the scheme for the period ended 30 June 2017.

As disclosed in the announcement of the Company dated 7 July 2017, a total of 18,000,000 share options to subscribe for 18,000,000 ordinary shares of HK\$0.01 each of the Company, representing approximately 1.8% of the issued share capital of the Company, were granted to 60 eligible participants under the Share Option Scheme on 7 July 2017. The exercise price of the Share Options is HK\$0.65 per Share.

As at the date of this announcement, no share options were exercised, cancelled or lapsed and the Company may grant further share options to subscribe for up to 82,000,000 shares, representing approximately 8.2% of the number of shares in issue of the Company pursuant to the Share Option Scheme.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests of the Directors in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the “SFO”) which are 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 interests and short positions in which they are 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) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions

| Names of Director | Capacity | Number of Shares | Approximate % of shareholding |
|---|------------------------------------|------------------|-------------------------------|
| Mr. Liu Yui Ting Raymond ⁽¹⁾ | Interest of controlled corporation | 570,000,000 | 57.00% |
| Mr. Lee Francis Sung Kei ⁽⁴⁾ | Interest of controlled corporation | 22,500,000 | 2.25% |
| Mr. Lo Wai Ho Ashley ⁽¹⁾ | Interest of controlled corporation | 570,000,000 | 57.00% |
| Mr. Von John ⁽³⁾ | Interest of controlled corporation | 60,000,000 | 6.00% |
| Mr. Lam Tak Ling ⁽⁵⁾ | Interest of controlled corporation | 22,500,000 | 2.25% |
| Dr. Tang Sing Hing Kenny ⁽²⁾ | Interest of controlled corporation | 75,000,000 | 7.50% |

Notes:

- (1) This represents the Shares held by Success Vision International Group Limited (“**Success Vision**”), a company was beneficially owned as to 59.21% by Mr. Liu Yui Ting Raymond and 40.79% by Mr. Lo Wai Ho Ashley respectively, therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.
- (2) This represents the Shares held by Earning Gear Inc. (“**Earning Gear**”), a company was wholly-owned by Dr. Tang Sing Hing Kenny and therefore he was deemed to be interested in the 75,000,000 Shares under the SFO.
- (3) This represents the Shares held by Mind Bright Limited (“**Mind Bright**”), a company was wholly-owned by Mr. Von John and therefore he was deemed to be interested in the 60,000,000 Shares under the SFO.
- (4) This represents the Shares held by Pioneer Marvel Limited (“**Pioneer Marvel**”), a company was wholly-owned by Mr. Lee Francis Sung Kei and therefore, he was deemed to be interested in the 22,500,000 Shares under the SFO.
- (5) This represents the Shares held by Linking Vision Limited (“**Linking Vision**”), a company was wholly-owned by Mr. Lam Tak Ling and therefore he was deemed to be interested in the 22,500,000 Shares under the SFO.

Details of the share options of the Company, duly granted to the Directors pursuant to the share options schemes (if any), which constitute interests in underlying ordinary shares of equity derivatives of the Company under the SFO are set out in the section headed “Share Option Scheme” in this announcement.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executives of the Company nor their associates had registered an interest or short position in any shares or underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" in this announcement, at no time during the three months ended 30 June 2017 and up to the date of this announcement was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017 and up to the date of this announcement, the following persons (other than Directors or chief executive of the Company), who had interests in the shares of the Company within the meaning of Part XV of the SFO which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company, were as follows:

Long Positions

| Names of Shareholder | Capacity | Number of Shares | Approximate % of shareholding |
|--|--------------------|-------------------------|--------------------------------------|
| Success Vision ⁽¹⁾ | Beneficial owner | 570,000,000 | 57.00% |
| Ms. Cheng Chui Ying ^(1&2) | Interest of spouse | 570,000,000 | 57.00% |
| Ms. Lin Fai ^(1&3) | Interest of spouse | 570,000,000 | 57.00% |
| Earning Gear ⁽⁴⁾ | Beneficial owner | 75,000,000 | 7.50% |
| Ms. Yip Lai Ching ^(4&5) | Interest of spouse | 75,000,000 | 7.50% |
| Mind Bright ⁽⁶⁾ | Beneficial owner | 60,000,000 | 6.00% |
| Ms. Cheung Mo Chi ^(6&7) | Interest of spouse | 60,000,000 | 6.00% |

Notes:

- (1) Success Vision was beneficially owned as to 59.21% by Mr. Liu Yui Ting Raymond, an executive Director, and 40.79% by Mr. Lo Wai Ho Ashley, an executive Director, respectively. Each of Mr. Liu Yui Ting Raymond, Director, and Mr. Lo Wai Ho Ashley, Director, were deemed to be interested in the 570,000,000 Shares that held by Success Vision under the SFO.
- (2) Ms. Cheng Chui Ying is the spouse of Mr. Liu Yui Ting Raymond and was therefore deemed to be interested in the Shares in which Mr. Liu Yui Ting Raymond was interested in under the SFO.

- (3) Ms. Lin Fai is the spouse of Mr. Lo Wai Ho Ashley and was therefore deemed to be interested in the Shares in which Mr. Lo Wai Ho Ashley was interested in under the SFO.
- (4) Earning Gear is wholly-owned by Dr. Tang Sing Hing Kenny, an non-executive Director, and was therefore deemed to be interested in the 75,000,000 Shares that held by Earning Gear under the SFO.
- (5) Ms. Yip Lai Ching is the spouse of Dr. Tang Sing Hing Kenny and was therefore deemed to be interested in the Shares in which Dr. Tang Sing Hing Kenny was interested in under the SFO.
- (6) Mind Bright is wholly-owned by Mr. Von John, an executive Director, and was therefore deemed to be interested in the 60,000,000 Shares that held by Mind Bright under the SFO.
- (7) Ms. Cheung Mo Chi is the spouse of Mr. Von John and was therefore deemed to be interested in the Shares in which Mr. Von John, Director, was interested in under the SFO.

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any other person who had or deemed to have interests or short positions in the shares and underlying shares of the Company which has disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

DEED OF NON-COMPETITION

The controlling Shareholders, namely Mr. Liu Yui Ting Raymond, Mr. Lo Wai Ho Ashley and Success Vision, entered into a deed of non-competition dated 23 March 2017 (“**Deed of Non-Competition**”) in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the deed of non-competition, please refer to the section headed “Relationship with Controlling Shareholders” in the Prospectus. Each of the Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The independent non-executive Directors have also reviewed the status of compliance and written confirmation from each of the controlling Shareholders, and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the controlling Shareholders since the Listing Date and up to the date of this announcement.

COMPETING INTEREST

During the three months ended 30 June 2017, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

AUDIT COMMITTEE

The Company established the Audit Committee (the “**Audit Committee**”) on 23 March 2017 with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company. The Audit Committee comprises three independent non-executive Directors, namely Mr. Yu Kwok Chun Raymond, Mr. Ng Tsz Fung Jimmy and Mr. Chan Siu Ming Simon. Mr. Ng Tsz Fung Jimmy is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the three months ended 30 June 2017, which have been approved by the Board on 14 August 2017 prior to its issuance. The Audit Committee is of the view that the unaudited condensed consolidated financial statements are in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that the sufficient disclosure was made.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (“**Code of Conduct**”) regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct since the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 30 June 2017, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of the Company’s listed securities.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance and business practices. The Company’s corporate governance practices are based on the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. During the three months ended 30 June 2017, the Company has complied with the applicable code provisions of the CG Code.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Titan Financial Services Limited (“**Titan**”), the Company’s compliance adviser, save for the compliance agreement entered into between the Company and Titan dated 15 December 2016 in connection with the Listing, none of Titan or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group as at 30 June 2017, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

By Order of the Board
Edvance International Holdings Limited
LIU Yui Ting Raymond
Chairman and Executive Director

Hong Kong, 14 August 2017

As at the date of this announcement, the executive Directors are Mr. Liu Yui Ting Raymond, Mr. Lee Francis Sung Kei, Mr. Lo Wai Ho Ashley, Mr. Von John, and Mr. Lam Tak Ling, the non-executive Director is Dr. Tang Sing Hing Kenny and the independent non-executive Directors are Mr. Yu Kwok Chun Raymond, Mr. Ng Tsz Fung Jimmy and Mr. Chan Siu Ming Simon.

This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.edvancesecurity.com.