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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)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

**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 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 revenue of approximately HK\$280.4 million (the nine months ended 31 December 2017: HK\$212.9 million), including HK\$173.8 million revenue contribution from IT Security Products segment and HK\$106.6 million contribution from IT Security Service segment for the nine months ended 31 December 2018, representing an increase of approximately 31.7%.

The gross profit of the Group for the nine months ended 31 December 2018 increased by 26.9% to approximately HK\$75.5 million (the nine months ended 31 December 2017: HK\$59.5 million).

The net profit after tax of the Group for the nine months ended 31 December 2018 increased by 82.1% to approximately HK\$20.4 million (the nine months ended 31 December 2017: HK\$11.2 million). It was mainly due to the increases in revenue and gross profit.

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2018.

### THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2018, together with the unaudited comparative figures for the corresponding period in 2017 as follows:

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

For the three months and nine months ended 31 December 2018

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	4	118,956	81,496	280,379	212,920
Cost of sales		(86,141)	(61,118)	(204,923)	(153,396)
Gross profit		32,815	20,378	75,456	59,524
Other income		198	130	1,758	491
Other gains and losses, net		(490)	138	(941)	191
Distribution and selling expenses		(7,190)	(5,019)	(20,669)	(15,717)
Administrative expenses		(9,853)	(10,538)	(29,967)	(29,751)
Listing expenses		–	–	–	(178)
Finance costs		(158)	(49)	(456)	(495)
Profit before taxation		15,322	5,040	25,181	14,065
Taxation	5	(2,587)	(1,165)	(4,800)	(2,869)
Profit for the period		12,735	3,875	20,381	11,196
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		733	(198)	85	27
Total comprehensive income for the period		13,468	3,677	20,466	11,223
Earnings per shares to owners of the Company	6				
– Basic (HK Cents)		1.27	0.39	2.04	1.14
– Diluted (HK Cents)		1.27	0.38	2.03	1.13

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 31 December 2018*

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other reserves HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	
<b>For the nine months ended 31 December 2018</b>							
At 31 March 2018 (audited)	10,000	62,525	1,860	3,633	34	23,928	101,980
Opening adjustment on initial application of HKFRS 9 (note 3)	-	-	-	-	-	(550)	(550)
At 1 April 2018 (restated)	<u>10,000</u>	<u>62,525</u>	<u>1,860</u>	<u>3,633</u>	<u>34</u>	<u>23,378</u>	<u>101,430</u>
Profit for the period	-	-	-	-	-	20,381	20,381
Other comprehensive income for the period	-	-	-	-	85	-	85
Total comprehensive income for the period	-	-	-	-	85	20,381	20,466
Dividend paid	-	-	-	-	-	(10,007)	(10,007)
Issue of shares under share option scheme	14	1,281	(355)	-	-	-	940
Recognition of equity-settled share-based expenses	-	-	938	-	-	-	938
At 31 December 2018 (unaudited)	<u>10,014</u>	<u>63,806</u>	<u>2,443</u>	<u>3,633</u>	<u>119</u>	<u>33,752</u>	<u>113,767</u>
<b>For the nine months ended 31 December 2017</b>							
At 1 April 2017 (audited)	-	-	-	3,633	(184)	5,746	9,195
Profit for the period	-	-	-	-	-	11,196	11,196
Other comprehensive income for the period	-	-	-	-	27	-	27
Total comprehensive income for the period	-	-	-	-	27	11,196	11,223
Issue of shares by capitalisation of share premium	7,500	(7,500)	-	-	-	-	-
Issue of new shares	2,500	77,500	-	-	-	-	80,000
Listing expenses related to the issue of new shares	-	(7,475)	-	-	-	-	(7,475)
Recognition of equity-settled share-based expenses	-	-	1,450	-	-	-	1,450
At 31 December 2017 (unaudited)	<u>10,000</u>	<u>62,525</u>	<u>1,450</u>	<u>3,633</u>	<u>(157)</u>	<u>16,942</u>	<u>94,393</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

### 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 and the shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited on 19 April 2017.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 31 December 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2018 have been prepared in accordance with the applicable disclosure provision of the GEM Listing Rules on the Stock Exchange.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

#### Application of new and amendments to HKFRSs and an interpretation

In the current period, the Group has applied, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except for the new and amendments to HKFRSs and an interpretation have been applied in accordance with the relevant transition provisions in the respective standards which results in changes in accounting policies and amounts reported as described below, the application of other amendments to HKFRSs and the interpretation in the current period has had no material effect on the amounts reported set out in these condensed consolidated financial statements.

## Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 in the current period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

### *Key impacts resulting from application of HKFRS 15*

The application of HKFRS 15 did not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods, while the following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018 HK\$'000	Reclassification HK\$'000	Carrying amounts under HKFRS 15 at 1 April 2018 HK\$'000
Trade and other payables and accruals – current	110,915	(65,121)	45,794
Trade and other payables and accruals – non-current	31,196	(31,196)	–
Contract liabilities – current	–	65,121	65,121
Contract liabilities – non-current	–	31,196	31,196

*Note:* As at 1 April 2018, deferred revenue of HK\$96,317,000 previously included in trade and other payables and accruals were reclassified to contract liabilities and presented on the condensed consolidated statement of financial position.

## Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

### **Key impacts resulting from application of HKFRS 9**

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

<i>Notes</i>	Trade and other receivables, prepayments and deposits (current) <i>HK\$'000</i>	Prepayment and deposit (non-current) <i>HK\$'000</i>	Financial assets at fair value through profit or loss <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>
<b>Closing balance at 31 March 2018</b>				
- HKAS 39	122,698	36,403	-	23,928
<b>Effect arising from initial application of HKFRS 9:</b>				
<b>Reclassification</b>				
From loans and receivables	(a) -	(12,506)	12,506	-
<b>Remeasurement</b>				
Impairment under ECL model	(b) (550)	-	-	(550)
<b>Opening balance at 1 April 2018</b>	<u>122,148</u>	<u>23,897</u>	<u>12,506</u>	<u>23,378</u>

*Notes:*

- (a) Deposits for life insurance contracts of HK\$12,506,000 previously classified as loans and receivables were also reclassified to fair value through profit or loss (“FVTPL”) upon application of HKFRS 9 because their contractual cash flows do not represent solely the payments of principal and interest on the principal amount outstanding. There was no significant impact on fair value gain or loss relating to the deposits for life insurance contracts at 1 April 2018 as the carrying amounts of the payments for insurance policies at 31 March 2018 approximate to its fair value upon initial application of HKFRS 9.
- (b) The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables are assessed individually based on its own credit risk characteristics. As at 1 April 2018, the additional credit loss allowance of HK\$550,000 has been recognised against retained profits. The additional loss allowance is charged against trade receivables.

## **4. 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 applications 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.

	Three months ended 31 December 2018			Nine months ended 31 December 2018		
	IT Security Products <i>HK\$’000</i> (unaudited)	IT Security Services <i>HK\$’000</i> (unaudited)	Total <i>HK\$’000</i> (unaudited)	IT Security Products <i>HK\$’000</i> (unaudited)	IT Security Services <i>HK\$’000</i> (unaudited)	Total <i>HK\$’000</i> (unaudited)
Segment revenue	79,541	39,415	118,956	173,835	106,544	280,379
Segment results	<u>20,451</u>	<u>12,364</u>	<u>32,815</u>	<u>40,132</u>	<u>35,324</u>	<u>75,456</u>

	Three months ended 31 December 2017			Nine months ended 31 December 2017		
	IT Security Products <i>HK\$’000</i> (unaudited)	IT Security Services <i>HK\$’000</i> (unaudited)	Total <i>HK\$’000</i> (unaudited)	IT Security Products <i>HK\$’000</i> (unaudited)	IT Security Services <i>HK\$’000</i> (unaudited)	Total <i>HK\$’000</i> (unaudited)
Segment revenue	48,973	32,523	81,496	127,482	85,438	212,920
Segment results	<u>8,647</u>	<u>11,731</u>	<u>20,378</u>	<u>28,375</u>	<u>31,149</u>	<u>59,524</u>

## 5. TAXATION

	Three months ended 31 December		Nine months ended 31 December	
	2018 <i>HK\$’000</i> (unaudited)	2017 <i>HK\$’000</i> (unaudited)	2018 <i>HK\$’000</i> (unaudited)	2017 <i>HK\$’000</i> (unaudited)
Current tax:				
Hong Kong Profits Tax	2,477	917	4,537	2,332
Macau Complementary Tax	110	248	263	537
	<u>2,587</u>	<u>1,165</u>	<u>4,800</u>	<u>2,869</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 31 December 2018 and 2017.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the nine months ended 31 December 2018 (“FY2019 Q3”), the Group has shown significant growth as reflected in the detail financial breakdown. With net profit of HK\$20.4 million at the end of the period, the Group has achieved a historic high result.

The success could be attributed to some key factors. While the core business in Hong Kong had grown, China business had also grown strongly in FY2019 Q3 and contributed to a larger result. Additionally, the renewal business has shown strong client stickiness with high retention rate and investments in continuous services.

Aside from the numbers, the Group set out the year with several initiatives to bolster its business performance and outlook. These include increased marketing activities, internal management improvement initiatives, as well as investments to tap into new markets.

On marketing, the Group took part in the larger local events, alongside our suppliers, to create a larger presence to influence the market and potential clients. The Group also ran innovative events to drive market interests and deliver concise messages regarding the cyber security products we carry. This ultimately create an environment favourable to the Group conducting business down the line.

Internally, the Group further upgraded our ERP system with modules to enhance our support and maintenance business operations. The upgrade improved the overall support workflow and response operations, bringing up overall customer satisfaction level. Additionally, the upgrade enhanced management visibility into the overall performance of the support and maintenance operations, thus management team is able to make better judgement to further enhance this important part of our business. The Group believes that enhancing the overall quality of support and maintenance business is fundamentally important to the long term success of our business. The enhancements, at least in part, contributed to the higher renewal rate and customer stickiness that the Group saw in these quarters.

The Group also made significant investment in bringing up the Green Radar business, an evolution of the Detection and Response Centre that was outlined at the beginning of the year. The business objective of Green Radar is to bring advance cybersecurity solution to a larger market, bolstered with local response and analytical abilities to ensure long term cyber protection for the clients. In FY2019 Q3, the Green Radar core platform was essentially built and achieved initial operation readiness. Our Singapore office was opened in October, with a data centre dedicated and along with its crew, to Green Radar to conduct its business operations. Green Radar is available in all our regions but will be spearheaded in Hong Kong.

Finally a subsidiary in Hong Kong came into three new distributorship relationships in FY2019 Q3. The Group believes that these products address existing gaps in cybersecurity, and some are essential to address upcoming challenges in the evolving IT industry and the way cybersecurity solutions need to be applied to this evolution.

## **OUTLOOK**

In the final quarter of the financial year ending 31 March 2019, the Group expects to continue the momentum in its core businesses. Cybersecurity awareness amongst clients is high and our team continues to drive thought leadership through various marketing and business development initiatives. The Group will continue to focus on our fundamental qualities to continue the witnessed successes.

In parallel, the Group is investing in necessary resources in Green Radar and other products we signed up, to push for its market adaptation. The Group is experienced in introducing new offering and will do so by leveraging existing proven go-to-market model.

Finally, the Group is looking to enhancing our technical capabilities as we seek to address services requirements from the market. This includes bringing out innovative services to build upon existing solutions, enhancing overall client experiences on cybersecurity management. In parallel, the Group aims to enhance the overall quality of initial and on-going engagements with our clients.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$67.5 million, or 31.7%, from approximately HK\$212.9 million during the nine months ended 31 December 2017 ("FY2018 Q3") to approximately HK\$280.4 million in FY2019 Q3. The increase was mainly due to the growth in sales of the existing products and services carried out by our Group with increase in demand for IT security products and services.

### **Gross profit and gross profit margin**

The Group's gross profit increased by approximately HK\$16.0 million, or 26.9%, from approximately HK\$59.5 million in FY2018 Q3 to approximately HK\$75.5 million in FY2019 Q3. The increase was in line with the increase in revenue. The gross profit margin decreased slightly by 1.0% from 27.9% in FY2018 Q3 to 26.9% in FY2019 Q3 as the impact a market mix-shift toward demand on fundamentals network security solution and continued focus on high margin businesses.

### **Distribution and selling expenses**

The Group's distribution and selling expenses increased by approximately HK\$5.0 million, or 31.8%, from approximately HK\$15.7 million in FY2018 Q3 to approximately HK\$20.7 million in FY2019 Q3. The increase was mainly due to the increase in sale staff cost.

## **Administrative expenses**

The Group's administrative expenses increased by approximately HK\$0.2 million, or 0.7%, from approximately HK\$29.8 million in FY2018 Q3 to approximately HK\$30.0 million in FY2019 Q3. The increase was mainly due to the net effect of (i) the increase in depreciation for property, plant and equipment of approximately HK\$0.4 million; (ii) the increase in brand promotion fee associated with the Group's expansion approximately HK\$0.4 million; and (iii) offsetting by the decrease in rental expenses approximately HK\$0.6 million.

## **Taxation**

The Group's taxation increased by approximately HK\$1.9 million, or 65.5%, from approximately HK\$2.9 million in FY2018 Q3 to approximately HK\$4.8 million in FY2019 Q3. The increase was mainly due to the increase in revenue.

## **Profit for the period attributable to owners of the Company**

As a result of the foregoing, the profit attributable to owners of the Company increased from approximately HK\$11.2 million in FY2018 Q3 to HK\$20.4 million in FY2019 Q3.

## **Dividend**

The Directors do not recommend the payment of dividend for the nine months ended 31 December 2018 (nine months ended 31 December 2017: Nil).

## **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 (the "**Share Option Scheme**"). As at 31 December 2018, there were 12,260,000 Share Options to subscribe for 12,260,000 ordinary shares of HK\$0.01 each of the Company, representing 1.22% of the issued share capital of the Company, as at the date of this announcement granted by the Company under the Share Option Scheme which were valid and outstanding. The exercise price of the share options is HK\$0.65 per share. None of the grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the GEM Listing Rules).

Details of the movements of share options granted, exercised or cancelled/lapsed during FY2019 Q3 and outstanding as at 31 December 2018 are as follows:

Grantee	Date of grant of share options	Exercised price of share options HK\$	Closing price immediately before date of grant HK\$	Exercised period (both dates inclusive)	At 1 April 2018	Grant during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 31 December 2018
Employees	7 July 2017	0.65	0.67	7 July 2018 to 6 July 2023	6,084,000	–	(1,446,000)	(496,000)	4,142,000
	7 July 2017	0.65	0.67	7 July 2019 to 6 July 2024	4,563,000	–	–	(504,000)	4,059,000
	7 July 2017	0.65	0.67	7 July 2020 to 6 July 2025	4,563,000	–	–	(504,000)	4,059,000
Total					<u>15,210,000</u>	<u>–</u>	<u>(1,446,000)</u>	<u>(1,504,000)</u>	<u>12,260,000</u>

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, 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 Directors	Capacity	Number of Shares held/ interested in	Approximate % of shareholding
Mr. Liu Yui Ting Raymond <sup>(1)</sup>	Interest of a controlled corporation	570,000,000	57.00%
Mr. Lo Wai Ho Ashley <sup>(1)</sup>	Interest of a controlled corporation	570,000,000	57.00%
Mr. Lee Francis Sung Kei <sup>(2)</sup>	Interest of a controlled corporation	22,500,000	2.25%
Mr. Von John <sup>(3)</sup>	Interest of a controlled corporation	60,000,000	6.00%
Mr. Lam Tak Ling <sup>(4)</sup>	Interest of a controlled corporation	22,500,000	2.25%
Dr. Tang Sing Hing Kenny <sup>(5)</sup>	Interest of a controlled corporation	75,000,000	7.50%

*Notes:*

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

Save as disclosed above, as at 31 December 2018, 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 nine months ended 31 December 2018 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 and chief executives to acquire benefits by means of the acquisition of shares in, underlying shares or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018 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 held/ interested in	Approximate % of shareholding
Success Vision <sup>(1)</sup>	Beneficial owner	570,000,000	57.00%
Ms. Cheng Chui Ying <sup>(1&amp;2)</sup>	Interest of spouse	570,000,000	57.00%
Ms. Lin Fai <sup>(1&amp;3)</sup>	Interest of spouse	570,000,000	57.00%
Earning Gear <sup>(4)</sup>	Beneficial owner	75,000,000	7.50%
Ms. Yip Lai Ching <sup>(4&amp;5)</sup>	Interest of spouse	75,000,000	7.50%
Mind Bright <sup>(6)</sup>	Beneficial owner	60,000,000	6.00%
Ms. Cheung Mo Chi <sup>(6&amp;7)</sup>	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, non-executive Director, respectively. Each of Mr. Liu Yui Ting Raymond and Mr. Lo Wai Ho Ashley 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 31 December 2018, 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.

#### **DISCLOSURE REQUIRED UNDER RULE 17.50A(1) OF THE GEM LISTING RULES**

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information in relation to the Directors that is required to be disclosed pursuant to Rules 17.50A(1) of the GEM Listing Rules as at the date of this announcement.

#### **DEED OF NON-COMPETITION**

The controlling Shareholders, namely Mr. Liu Yui Ting Raymond, Mr. Lo Wai Ho Ashley and Success Vision (the “**Controlling Shareholders**”), 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 during the nine months ended 31 December 2018 and up to the date of this announcement.

#### **COMPETING INTEREST**

During the nine months ended 31 December 2018, 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 has established the Audit Committee (the “**Audit Committee**”) on 23 March 2017 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee is in compliance with the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules 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 nine months ended 31 December 2018, which have been approved by the Board on 29 January 2019 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 during the nine months ended 31 December 2018 and up to date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the nine months ended 31 December 2018 and up to the date of this announcement, 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 CG Code as set out in Appendix 15 of the GEM Listing Rules. During the nine months ended 31 December 2018 and up to the date of this announcement, 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 close associates (as defined in the GEM Listing Rules) had any interest in the Group as at 31 December 2018 and up to date of this announcement, 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, 29 January 2019

*As at the date of this announcement, the executive Directors are Mr. Liu Yui Ting Raymond, Mr. Lee Francis Sung Kei, Mr. Von John, and Mr. Lam Tak Ling, the non-executive Directors are Dr. Tang Sing Hing Kenny and, Mr. Lo Wai Ho Ashley 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 GEM of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at [www.edvancesecurity.com](http://www.edvancesecurity.com).*