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edvance

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 2019

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 and its subsidiaries (together, the “**Group**”). 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 and gross profit of approximately HK\$89.3 million and HK\$24.6 million for the three months ended 30 June 2019, representing an increase of approximately 13.9% and 23.0% compared with revenue and gross profit of approximately HK\$78.4 million and HK\$20.0 million for the three months ended 30 June 2018 respectively.

The net profit after tax of the Group for the three months ended 30 June 2019 increased by 25.8% to approximately HK\$3.9 million compared with the net profit of approximately HK\$3.1 million for the three months ended 30 June 2018. It was mainly due to the increases in revenue and gross profit.

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2019.

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 2019, together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

		Three months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	89,284	78,411
Cost of sales		<u>(64,662)</u>	<u>(58,390)</u>
Gross profit		24,622	20,021
Other income		424	356
Other gains and losses, net		(269)	(215)
Distribution and selling expenses		(6,692)	(5,969)
Administrative and other expenses		(11,834)	(10,207)
Finance costs		<u>(386)</u>	<u>(152)</u>
Profit before taxation		5,865	3,834
Taxation	4	<u>(1,960)</u>	<u>(700)</u>
Profit for the period		3,905	3,134
Other comprehensive income for the period:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(110)</u>	<u>189</u>
Total comprehensive income for the period		<u>3,795</u>	<u>3,323</u>
Earnings per share (HK cents)	5		
– Basic		0.39	0.31
– Diluted		<u>N/A</u>	<u>0.31</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Share capital	Share premium	Other reserves	Share option reserve	Translation reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the three months ended 30 June 2019							
At 1 April 2019 (audited)	10,014	63,805	3,633	2,642	205	39,547	119,846
Profit and other comprehensive (expense) income for the period	–	–	–	–	(110)	3,905	3,795
Recognition of equity-settled share-based	–	–	–	230	–	–	230
At 30 June 2019 (unaudited)	<u>10,014</u>	<u>63,805</u>	<u>3,633</u>	<u>2,872</u>	<u>95</u>	<u>43,452</u>	<u>123,871</u>
For the three months ended 30 June 2018							
At 1 April 2018 (audited)	10,000	62,525	3,633	1,860	34	23,928	101,980
Profit and other comprehensive income for the period	–	–	–	–	189	3,134	3,323
Recognition of equity-settled share-based	–	–	–	511	–	–	511
At 30 June 2018 (unaudited)	<u>10,000</u>	<u>62,525</u>	<u>3,633</u>	<u>2,371</u>	<u>223</u>	<u>27,062</u>	<u>105,814</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

1. GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the distribution of IT Security Products and the provision of IT Security Services. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016. 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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2019 have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards (“**HKFRSs**”), 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. These unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2019.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of other new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 “Leases” and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK\$15,261,000 and right-of-use assets of approximately HK\$15,261,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.3%.

	As at 1 April 2019 HK\$'000 (Unaudited)
Operating lease commitments disclosed as at 31 March 2019	<u>16,945</u>
Lease liabilities discounted at relevant incremental borrowing rates as at 1 April 2019	15,545
Less: Recognition exemption – short-term leases	<u>(284)</u>
Lease liabilities as at 1 April 2019	<u><u>15,261</u></u>
Analysed as:	
Current	4,257
Non-current	<u>11,004</u>
	<u><u>15,261</u></u>

The carrying amount of right-of-use assets as at 1 April 2019 comprises the followings:

	Right-of-use assets HK\$'000 (Unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	15,261
Adjustments on rental deposits at 1 April 2019 (note)	<u>222</u>
	<u>15,483</u>
By Class:	
Properties	<u>15,483</u>

Note:

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$222,000 was adjusted to refundable rental deposits paid and right-of-use assets.

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 and sales related taxes 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 distribution of network security products, system security products and applications and data security products; and
- (2) IT Security Services business refers to the provision of technical implementation and maintenance and support services to customers.

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

	IT Security Products business <i>HK\$'000</i> (Unaudited)	IT Security Services business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
For the three months ended 30 June 2019			
Segment revenue	<u>46,269</u>	<u>43,015</u>	<u>89,284</u>
Segment results	<u>11,367</u>	<u>13,255</u>	24,622
Other income			424
Other gains and losses, net			(269)
Distribution and selling expenses			(6,692)
Administrative and other expenses			(11,834)
Finance costs			<u>(386)</u>
Profit before taxation			<u>5,865</u>
	IT Security Products business <i>HK\$'000</i> (Unaudited)	IT Security Services business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
For the three months ended 30 June 2018			
Segment revenue	<u>46,008</u>	<u>32,403</u>	<u>78,411</u>
Segment results	<u>8,947</u>	<u>11,074</u>	20,021
Other income			356
Other gains and losses, net			(215)
Distribution and selling expenses			(5,969)
Administrative expenses			(10,207)
Finance costs			<u>(152)</u>
Profit before taxation			<u>3,834</u>

4. TAXATION

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	1,680	605
The People Republic of China (“PRC”) enterprise income tax	174	–
Macau complementary tax	106	95
	<u>1,960</u>	<u>700</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the three months ended 30 June 2019 and 2018.

Macau complementary tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the three months ended 30 June 2019 and 2018.

PRC enterprise income tax is calculated at 25% of the assessable profit for the period ended 30 June 2019. No PRC enterprise income tax was made in the period ended 30 June 2018 as the subsidiary in PRC did not generate any assessable profit in the PRC during the three months ended 30 June 2018.

No provision for Singapore income tax has been made as the Group did not generate any assessable profits arising in Singapore during the three months ended 30 June 2019 and 2018.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<u>3,905</u>	<u>3,134</u>
	Three months ended 30 June	
	2019	2018
	Number	Number
	of shares	of shares
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,001,446	1,000,000
Add: Effect of dilutive potential ordinary shares under share option scheme	<u>–</u>	<u>4,552</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,001,446</u>	<u>1,004,552</u>

6. DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to be a leading value-added distributor of IT Security Products and provider of related professional services with business operations in Hong Kong, the PRC, Singapore and various markets. IT Security Products refer to the distribution of network security products, system security products and applications and data security products. IT Security Services refer to the provision of technical implementation and maintenance and support services. 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.

During the three months ended 30 June 2019 (“**FY2020 Q1**”), the Group continues to grow its business through adjusting our market penetration strategy to bring the awareness of cyber security threats and possible solutions to customers addressing some of their coming challenges.

In June, the Group organized Beacon 2019 in Hong Kong, a cybersecurity conference to share the views of experts on emerging cybersecurity challenges for the local market. The high rate of participation by our customers suggested that the messages resonated well with local companies.

OUTLOOK AND PROSPECTS

The Group believes that there is a growing market demand for cybersecurity solutions, both for large enterprises and this trend is getting more inclusive of smaller organizations also. Cyber security threats are increasingly diverse, evasive and indiscriminate in their attacks and targets. Compounded with a lack of local expertise in cybersecurity, there is a trend where cyber threats are hitting a larger number of organizations with lethal consequences.

All in all, we expect business demands continue to remain strong this coming year. With the aforementioned proliferation of cyber threats to a larger number of targets, the Group also sees potential from a large demand of advance cyber security solutions for the larger small-to-medium businesses market also. The Group is well positioned to address this coming challenge through our distribution business and Green Radar, which makes advance cybersecurity solutions available to a larger market.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$10.9 million, or 13.9%, from approximately HK\$78.4 million during the three months ended 30 June 2018 ("FY2019 Q1") to approximately HK\$89.3 million in FY2020 Q1. The increase was mainly attribute to: (1) increasing market demands of cybersecurity products/services; and (2) improvement in operating results.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$4.6 million, or 23.0%, from approximately HK\$20.0 million in FY2019 Q1 to approximately HK\$24.6 million in FY2020 Q1. The increase was in line with the increase in revenue. The gross profit margin increased slightly by approximately 2.1% from approximately 25.5% in FY2019 Q1 to approximately 27.6% in FY2020 Q1.

Distribution and selling expenses

The Group's distribution and selling expenses increased by approximately HK\$0.7 million, or 11.7%, from approximately HK\$6.0 million in FY2019 Q1 to approximately HK\$6.7 million in FY2020 Q1. The increase was mainly due to the increase in sale staff cost.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately HK\$1.6 million, or 15.7%, from approximately HK\$10.2 million in FY2019 Q1 to approximately HK\$11.8 million in FY2020 Q1. The increase was mainly due to the increase in professional fees and administrative staff cost.

Taxation

The Group's taxation increased by approximately HK\$1.3 million, or 185.7%, from approximately HK\$0.7 million in FY2019 Q1 to approximately HK\$2.0 million in FY2020 Q1. The increase was mainly due to higher taxable profit in FY2020 Q1 as a result of increased gross profit.

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\$3.1 million in FY2019 Q1 to approximately HK\$3.9 million in FY2020 Q1.

DIVIDEND

The Board does not recommend the payment of any dividend for FY2020 Q1 (FY2019 Q1: 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 30 June 2019, there were 12,176,000 Share Options to subscribe for 12,176,000 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 the three months ended 30 June 2019 and outstanding as at 30 June 2019 are as follows:

For the three months ended	Grantee	Date of grant of share options	Exercise price of share options	Closing price		As at 1 April 2019	Grant during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 Jun 2019
				immediately before date of grant	Exercise period(both dates inclusive)					
30-Jun-19	Employees	7-Jul-17	0.65	0.67	7 July 2018 to 6 July 2023	4,142,000	-	-	-	4,142,000
		7-Jul-17	0.65	0.67	7 July 2019 to 6 July 2024	4,017,000	-	-	-	4,017,000
		7-Jul-17	0.65	0.67	7 July 2020 to 6 July 2025	4,017,000	-	-	-	4,017,000
						<u>12,176,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,176,000</u>
Total employees						<u>12,176,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,176,000</u>

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, 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 ⁽¹⁾
Mr. Liu Yui Ting Raymond ⁽²⁾	Interest of a controlled corporation	570,000,000	56.92%
Mr. Lo Wai Ho Ashley ⁽²⁾	Interest of a controlled corporation	570,000,000	56.92%
Mr. Lee Francis Sung Kei ⁽⁵⁾	Interest of a controlled corporation	22,500,000	2.25%
Mr. Von John ⁽⁴⁾	Interest of a controlled corporation	60,000,000	5.99%
Mr. Lam Tak Ling ⁽⁶⁾	Interest of a controlled corporation	22,500,000	2.25%
Dr. Tang Sing Hing Kenny ⁽³⁾	Interest of a controlled corporation	75,000,000	7.49%

Notes:

- (1) The percentage has been complied based on the total number of ordinary shares of the Company in issue (1,001,446,000 shares) as at 30 June 2019 and the date of this announcement.
- (2) 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.
- (3) 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.
- (4) This represents the shares held by Mind Bright Limited (“**Mind Bright**”), a company that is wholly-owned by Mr. Von John and therefore he is deemed to be interested in the 60,000,000 shares under the SFO.
- (5) 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.
- (6) 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.

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 Options Scheme” of this announcement.

Save as disclosed above, as at 30 June 2019 and up to the date of announcement, 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” of this announcement, at no time during the three months ended 30 June 2019 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 AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019 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⁽⁸⁾
Success Vision ⁽¹⁾	Beneficial owner	570,000,000	56.92%
Ms. Cheng Chui Ying ^(1&2)	Interest of spouse	570,000,000	56.92%
Ms. Lin Fai ⁽³⁾	Interest of spouse	570,000,000	56.92%
Earning Gear ⁽⁴⁾	Beneficial owner	75,000,000	7.49%
Ms. Yip Lai Ching ^(4&5)	Interest of spouse	75,000,000	7.49%
Mind Bright ⁽⁶⁾	Beneficial owner	60,000,000	5.99%
Ms. Cheung Mo Chi ^(6&7)	Interest of spouse	60,000,000	5.99%

Notes:

- (1) Success Vision is beneficially owned as to 59.21% by Mr. Liu Yui Ting Raymond, Director, and 40.79% by Mr. Lo Wai Ho Ashley, Director, respectively. Each of Mr. Liu Yui Ting Raymond, Director, and Mr. Lo Wai Ho Ashley, Director, are deemed to be interested in the 570,000,000 shares that are held by Success Vision under the SFO.
- (2) Ms. Cheng Chui Ying is the spouse of Mr. Liu Yui Ting Raymond, Director, and was therefore deemed to be interested in the shares in which Mr. Liu Yui Ting Raymond, Director, is interested in under the SFO.
- (3) Ms. Lin Fai is the spouse of Mr. Lo Wai Ho Ashley, Director and is therefore deemed to be interested in the shares in which Mr. Lo Wai Ho Ashley is interested in under the SFO.
- (4) Earning Gear is wholly-owned by Dr. Tang Sing Hing Kenny, Director, and is therefore deemed to be interested in the 75,000,000 shares that are held by Earning Gear under the SFO.
- (5) Ms. Yip Lai Ching is the spouse of Dr. Tang Sing Hing Kenny, Director, and is therefore deemed to be interested in the shares in which Dr. Tang Sing Hing Kenny, Director, is interested in under the SFO.
- (6) Mind Bright is wholly-owned by Mr. Von John, Director, and is therefore deemed to be interested in the 60,000,000 shares that are held by Mind Bright under the SFO.
- (7) Ms. Cheung Mo Chi is the spouse of Mr. Von John, Director, and is therefore deemed to be interested in the shares in which Mr. Von John, Director, is interested in under the SFO.
- (8) The percentage has been complied based on the total number of ordinary shares of the Company in issue (1,001,446,000 shares) as at 30 June 2019 and the date of this announcement.

Save as disclosed above, as at 30 June 2019 up to the date of this announcement, the Directors were not aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES”) 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.

COMPETING INTERESTS

During the three months ended 30 June 2019, 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.

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 since the listing date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the three months ended 30 June 2019 and up to the date of this announcement.

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 2019, the Company has complied with the applicable code provisions of the CG Code.

EVENT AFTER REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 30 June 2019 and up to the date of this announcement.

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 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the “**Model Code**”). Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code for the three months ended 30 June 2019 up to the date of this announcement.

AUDIT COMMITTEE

The Company 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 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 three months ended 30 June 2019, which have been approved by the Board on 8 August 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.

By order of the Board
Edvance International Holdings Limited
Liu Yui Ting Raymond
Chairman and Executive Director

Hong Kong, 8 August 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 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.