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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: 1410)

**DISCLOSEABLE AND CONNECTED TRANSACTION –
SUBSCRIPTION OF SHARES OF
ROYSTON FINANCIAL GROUP LIMITED**

**(A) DISCLOSEABLE AND CONNECTED TRANSACTION –
SUBSCRIPTION OF SHARES OF ROYSTON FINANCIAL GROUP LIMITED**

On 10 August 2020, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Royston Financial, pursuant to which the Subscriber has agreed to subscribe for the Subscription Shares at the Subscription Price of HK\$7,200,000.

As at the date of this announcement, Royston Financial is owned as to (i) 60% indirectly by Mr. Raymond Liu; (ii) 20% indirectly by Dr. Kenny Tang; and (iii) 20% indirectly by an independent third party, Mr. Cheng Kwok Kit Edwin. Therefore, Royston Financial is an associate of Mr. Raymond Liu and a connected person of the Company.

Upon completion of the Share Subscription, Royston Financial will be owned as to 60% indirectly by the Company; 24% indirectly by Mr. Raymond Liu, 8% indirectly by Dr. Kenny Tang; and (iii) 8% indirectly by Mr. Cheng Kwok Kit Edwin, and will become a non-wholly owned subsidiary of the Company.

As at the date of this announcement, (i) Mr. Raymond Liu is an executive Director and a Controlling Shareholder of the Company indirectly holding an aggregate of 570,000,000 Shares, representing approximately 56.92% of the entire issued share capital of the Company; and (ii) Dr. Kenny Tang is a non-executive Director of the Company. As such, Mr. Raymond Liu, Dr. Kenny Tang and their respective associates are connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Subscription Agreement with Royston Financial constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Subscription Agreement calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but all are less than 25% and the total consideration is less than HK\$10,000,000, the entering into of the Subscription Agreement constitutes (i) a connected transaction of the Company exempt from shareholders' approval requirements under Chapter 14A of the Listing Rules subject to the reporting and announcement pursuant to Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the announcement requirement pursuant to Chapter 14 of the Listing Rules.

(A) DISCLOSEABLE AND CONNECTED TRANSACTION

1. The Subscription Agreement

On 10 August 2020, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Royston Financial, pursuant to which the Subscriber has agreed to subscribe for the Subscription Shares at the Subscription Price of HK\$7,200,000.

Upon completion of the Share Subscription, Royston Financial will be owned as to 60% indirectly by the Company; 24% indirectly by Mr. Raymond Liu, 8% indirectly by Dr. Kenny Tang; and (iii) 8% indirectly by an independent third party, Mr. Cheng Kwok Kit Edwin, and will become a non-wholly owned subsidiary of the Company.

Principal terms of the Subscription Agreement are summarised below:

Date : 10 August 2020

Parties : (i) Royston Financial; and
(ii) the Subscriber

Subject Matter : The Subscriber has agreed to subscribe for the Subscription Shares to be allotted and issued by Royston Financial to the Company representing 60% of the enlarged issued share capital of Royston Financial upon Completion on the terms and subject to the conditions set out in the Subscription Agreement.

Subscription Price : HK\$7,200,000

The Subscription Price was determined after arm's length negotiations between the Subscriber and the existing shareholders of Royston Financial, on normal commercial terms with reference to (i) comparable offers in the market; (ii) unaudited net asset value of the Royston Financial Group as at 31 July 2020 as shown in its management account; and (iii) the business potential synergy and business prospects to be brought to the Group by the Royston Financial Group following Completion.

The Group intends to finance the Subscription Price by its internal resources.

Payment Terms : a Deposit in the sum of HK\$3,600,000 shall be paid by the Subscriber upon the signing of the Subscription Agreement; and

the remaining balance of the Subscription Price in the sum of HK\$3,600,000 shall be paid by the Subscriber at Completion.

- Conditions Precedent : Completion is conditional upon:
- (i) the Consents of the SFC in relation to the Subscriber (and any other persons where applicable) becoming the substantial shareholder(s) of Royston Securities in connection with the Share Subscription as required under the SFO having been obtained and remained in full force and effect;
 - (ii) all necessary Consents in relation to the transactions contemplated under the Subscription Agreement having been obtained by the Subscriber (and any other persons where applicable), including without limitation such Consents of the Stock Exchange and the SFC and any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required for the entering into, execution, delivery and performance of the Subscription Agreement and the transactions contemplated thereunder, having been obtained and remained in full force and effect;
 - (iii) the Subscriber having completed its due diligence review of the Royston Financial Group to the satisfaction of the Subscriber at its sole and absolute discretion;
 - (iv) all the Royston Financial's warranties being true and correct in all material respects and remaining so from the date hereof up to Completion;
 - (v) there being no change which has a material and adverse effect on the financial position, business, assets, liabilities or results of operations of the Royston Financial Group taken as a whole before Completion;
 - (vi) the certificate of incumbency and certificate of good standing in respect of Royston Financial, each dated not more than 5 Business Days before the Completion Date, in form and substance satisfactory to the Subscriber, having been delivered to the Subscriber; and
 - (vii) the SFC Licences remaining to be valid and effective and not having been suspended, revoked, cancelled or withdrawn as at Completion.

Completion : Completion shall take place on the date falling 5 Business Days after the fulfilment (or waiver) of all the conditions set out in the condition precedent above.

If the Subscriber shall fail to complete the Share Subscription in accordance with the terms and conditions of the Subscription Agreement (otherwise than due to the default of Royston Financial or due to the non-fulfilment of the conditions precedent at or before 4:00 p.m. on the Long Stop Date), then Royston Financial shall be entitled to rescind the Subscription Agreement by notice in writing to the Subscriber; and thereupon a sum of HK\$720,000 being part of the Deposit shall be forfeited to Royston Financial absolutely as liquidated damages and not as penalty, and the remaining balance of the Deposit in the sum of HK\$2,880,000 and any other deposit and/or part payment of the Subscription Price paid by the Subscriber under the Subscription Agreement shall be refunded to the Subscriber within 3 Business Days; and thereupon Royston Financial shall have no further claim of whatsoever nature against the Subscriber, and Royston Financial shall not take any action against the Subscriber for damages or specific performance of the Subscription Agreement.

Upon Completion, Royston Financial will become a non-wholly owned subsidiary of the Company and the financial results of the Royston Financial Group will be consolidated into the Group's financial statement.

Long Stop Date : If all of the conditions set out in the conditions precedent above have not been fulfilled (or waived) on the date falling on the expiration of 6 months after the date of the Subscription Agreement (or such later date as Royston Financial and the Subscriber may agree in writing), the Subscription Agreement shall lapse and the Deposit and any other deposit and/or part payment of the Subscription Price paid by the Subscriber under the Subscription Agreement shall be refunded to the Subscriber within 3 Business Days, and thereupon the Subscription Agreement and everything therein contained shall, except for certain clauses including those relating to the confidentiality obligations and subject to the liability in respect of any antecedent breach of the terms thereof, be null and void and of no further effect.

2. Reasons for and benefits of entering into the Subscription Agreement

The principal activity of the Company is investment holding. The Group is principally engaged in the distribution of IT Security Products and the provision of IT Security Services in Hong Kong, Macau, the PRC and Singapore.

The Board considers that the Share Subscription will provide an opportunity for the Group to participate in the securities trading industry and enable the Group to expand its business portfolio in financial services sector. According to the website of the Stock Exchange, market capitalisation of the securities market in Hong Kong as at 30 June 2020 reached HK\$34.0 trillion and its average daily turnover for the first six months of 2020 was \$117.5 billion, representing an increase of approximately 20% when compared with HK\$97.9 billion for the same period last year. In light of this, the Directors believe that the Royston Financial Group is expected to be able to take advantage of such growth in the daily turnover of the securities market in Hong Kong and the Share Subscription will provide an opportunity for the Group to diversify the revenue sources of the Group.

In view of the above, despite the Share Subscription is not conducted in the ordinary and usual course of business of the Group, the Directors considers that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms, and the Share Subscription is in the interest of the Company and the Shareholders as a whole. Both Mr. Raymond Liu (being an executive Director and one of the indirect shareholders of Royston Financial) and Dr. Kenny Tang (being a non-executive Director and one of the indirect shareholders of Royston Financial) have abstained from voting on the relevant resolutions of the Board approving the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed in this announcement, none of the other Directors has any material interest in the Royston Financial Group, and hence no other Director is required to abstain from voting on such resolutions of the Board.

3. Listing Rules Implications

As at the date of this announcement, (i) Mr. Raymond Liu is an executive Director and a Controlling Shareholder of the Company indirectly holding an aggregate of 570,000,000 Shares, representing approximately 56.92% of the entire issued share capital of the Company; and (ii) Dr. Kenny Tang is a non-executive Director of the Company. As such, Mr. Raymond Liu, Dr. Kenny Tang and their respective associates are connected persons of the Company under the Listing Rules.

As at the date of this announcement, Royston Financial is owned as to (i) 60% indirectly by Mr. Raymond Liu; (ii) 20% indirectly by Dr. Kenny Tang; and (iii) 20% indirectly by an independent third party, Mr. Cheng Kwok Kit Edwin. Therefore, Royston Financial is an associate of Mr. Raymond Liu and a connected person of the Company; accordingly, the entering into of the Subscription Agreement with Royston Financial constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Subscription Agreement calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but all are less than 25% and the total consideration is less than HK\$10,000,000, the entering into of the Subscription Agreement constitutes (i) a connected transaction of the Company exempt from shareholders' approval requirements under Chapter 14A of the Listing Rules subject to the reporting and announcement pursuant to Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the announcement requirement pursuant to Chapter 14 of the Listing Rules.

(B) INFORMATION OF THE ROYSTON FINANCIAL GROUP

The principal activity of Royston Financial is investment holding. The principal activities of the Royston Financial Group are dealing in securities, advising on securities and asset management in Hong Kong pursuant to the SFC Licences granted by the SFC in relation to the respective regulated activities under the SFO.

Set forth below is the audited financial information of Royston Securities for the financial period ended 31 December 2018 and the financial year ended 31 December 2019:

	From 4 January 2018 (incorporation date) to 31 December 2018 <i>HK'000</i> <i>(audited)</i>	For the financial year ended 31 December 2019 <i>HK'000</i> <i>(audited)</i>
Net loss before and after taxation and extraordinary items	230	2,422

Set forth below is the unaudited financial information the Royston Financial Group for the financial years ended 31 December 2018 and 2019:

	For the financial year ended 31 December 2018 <i>HK'000</i> <i>(unaudited)</i>	For the financial year ended 31 December 2019 <i>HK'000</i> <i>(unaudited)</i>
Net loss before and after taxation and extraordinary items	247	2,359

The unaudited net assets of the Royston Financial Group as at 31 July 2020 according to its management account were approximately HK\$5,631,000.

(C) TERMS USED IN THIS ANNOUNCEMENT

“associate(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Board”	the board of Directors
“Business Days”	any day (other than Saturday or Sunday or public holiday or any day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for business
“Company”	Edvance International Holdings Limited 安領國際控股有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1410)
“Completion”	completion of the Share Subscription
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Consent”	includes any consent, licence, approval, authorisation, permission, filing, registration, certificate, waiver, order or exemption
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and in the context of the Company and for the purpose of this announcement, refers to Success Vision International Group Limited, Mr. Raymond Liu and Mr. Lo Wai Ho Ashley, who together control the exercise of 30% or more of the voting rights at general meeting of the Company
“Deposit”	the deposit of HK\$3,600,000 payable by the Subscriber to Royston Financial pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Dr. Kenny Tang”	Dr. Tang Sing Hing Kenny (鄧聲興), a non-executive Director of the Company
“Group”	the Company and its subsidiaries for the time being
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“IT”	information technology
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended from time to time)
“Mr. Raymond Liu”	Mr. Liu Yui Ting Raymond (廖銳霆), the Chairman of the Company, an executive Director and one of the Controlling Shareholders
“Royston Financial”	Royston Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability, and as at the date of this announcement, was owned as to (i) 60% indirectly by Mr. Raymond Liu; (ii) 20% indirectly by Dr. Kenny Tang; and (iii) 20% indirectly by an independent third party, Mr. Cheng Kwok Kit Edwin (鄭國杰)
“Royston Financial Group”	Royston Financial together with its subsidiaries for the time being, namely, Royston Securities and Royston Asset Management Limited
“Royston Securities”	Royston Securities Limited, a company incorporated in Hong Kong with limited liability, and as at the date of this announcement, was a wholly-owned subsidiary of Royston Financial
“SFC”	the Securities and Futures Commission
“SFC Licences”	includes the licences for Type 1 (dealing with securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities granted by the SFC to Royston Securities to carry on the respective regulated activities pursuant to the SFO
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Share Subscription”	the subscription of the Subscription Shares to be allotted and issued by Royston Financial to the Subscriber on the terms and subject to the conditions set out in the Subscription Agreement
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Edvance Financial Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Subscription Agreement”	the subscription agreement dated 10 August 2020 entered into between the Subscriber and Royston Financial in relation to the Share Subscription
“Subscription Price”	HK\$7,200,000, being the sum payable by the Subscriber to Royston Financial pursuant to the Subscription Agreement
“Subscription Shares”	7,500 shares of Royston Financial representing 60% of the enlarged issued share capital of Royston Financial upon Completion
“%”	per cent

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

Hong Kong, 10 August 2020

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, Mr. Chan Siu Ming Simon and Mrs. Wong Hung Flavia Yuen Yee.