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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)

VOLUNTARY ANNOUNCEMENT – SHARES SUBSCRIPTION

Reference is made to the announcement issued by our Company dated 25 August 2020 in relation to the memorandum of understanding in relation to the possible subscription of the Target Company shares.

The Board is pleased to announce that on 25 November 2020 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with each of the Target Group companies, founder shareholders of the Target Company and other Series A2 Preference Shares investors, pursuant to which the Subscriber agree to subscribe, and Target Company agrees to issue and allot, the Series A2 Preference Shares at the subscription price of US\$3 million, which shall be settled by way of cash payment.

THE SUBSCRIPTION AGREEMENT

Date

25 November 2020 (after trading hours)

Parties

1. Each of the Target Group companies as issuer and its subsidiaries;
2. Founder shareholders of the Target Company as warrantors; and
3. The Subscriber and other Series A2 Preference Shares investors as subscribers.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Group companies, founder shareholders of the Target Company and other Series A2 Preference Shares investors and their respective ultimate beneficial owner(s) are Independent Third Parties and not connected to the Company and its connected persons.

Nature of transaction

Pursuant to the Subscription Agreement, the Subscriber agrees to subscribe, and Target Company agrees to issue and allot, the Series A2 Preference Shares. Upon Completion, the Subscriber will hold US\$3 million of share capital of Series A2 Preference Shares, being 30% of the all Series A2 Preference Shares issued and approximately 6% enlarged issued shares (on an as-converted basis) of the Target Company after the investment by all Series A2 Preference Shares investors.

Consideration

The subscription price of the Series A2 Preference Shares to be subscribed by the Subscriber is US\$3 million, which shall be settled by way of cash payment and shall be financed by the Group's internal resources.

The consideration was determined and agreed between the parties to the Subscription Agreement after arm's length negotiations taking into account of (i) the prospects and potential of the business of the Target Group Companies; and (ii) the reasons and benefits for the Group in respect thereof as described under the paragraph headed "Reasons for and benefits for the Subscription Agreement" below.

Rights under the Series A2 Preference Shares

Dividend Rights

Except for an exempted distribution, no dividend, whether in cash, in property, or in any other shares of the Target Company, shall be declared, paid, set aside or made with respect to the ordinary shares of the Target Company at any time unless (i) any dividend declared on the preference shares of the Target Company and not previously paid, (ii) a non-cumulative dividends at a simple rate of eight percent (8%) of the applicable original issue price of preference shares of the Target Company per annum, payable only when declared by the board of directors of the Target Company, is first declared, paid, set aside or made with respect to each outstanding preference shares of the Target Company, and (iii) a dividend that such holder of the preference shares of the Target Company would have received if such preference share had been converted into ordinary shares of the Target Company immediately prior to the record date for such dividend, or if no such record date is established, the date such dividend is made, is declared, paid, set aside or made at the same time to the holder thereof.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the Company, or the cessation of the business of the Group or of a substantial portion of the business of the Group, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders of the Target Company (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the shareholders of the Target Company. The holders of Series A2 Preference Shares shall be entitled to receive for each Series A2 Preference Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Target Company to other shareholders or any other class or series of shares of the Company, the greater of (i) an amount equal to the Series A2 Issue Price and an interest calculated at an internal rate of return of eight percent (8%) per annum on the Series A2 issue price over the period from the Series A2 issue date to the date of such liquidation event, plus all declared but unpaid dividends on such Series A2 Preference Share (collectively, the "**Series A2 Preference Amount**") and (ii) an amount that each Series A2 Preference Share would be entitled to if such Series A2 Preference Share were converted into ordinary shares of the Target Company immediately prior to the liquidation event and it participated in the distribution as a holder of ordinary shares in the liquidation event.

General Voting Rights

The holder of preference shares shall be entitled to such number of votes as equals the whole number of ordinary shares into which such holder's collective preference shares are convertible on the record date of the determination of the Target Company's shareholders entitled to vote.

Board Composition

The Subscriber shall be entitled to nominate a director on the board of directors of the Target Company pursuant to the Shareholders' Agreement.

Pre-emptive Rights and Other Similar Rights

The Shareholders' Agreement provide for right of first refusal, co-sale, drag along and pre-emptive rights and minority shareholder protective provisions which are customary in the type of investment holding companies with different classes of shares, and holders of Series A2 Preference Shares are entitled to access to information concerning the Target Group, such as financial information, annual operating budget and business plan.

Completion of the Subscription Agreement

Completion of the Subscription Agreement will take place within 3 business days from the date on which all of the conditions precedent of the Subscription Agreement shall have been satisfied (or such other date as the parties thereto may agree in writing).

If Completion has not been achieved on or before 1 January 2021, the Company or the Series A2 Preference Shares investors may by a written notice to the others terminate the Subscription Agreement and the parties thereto shall be released from all obligations thereunder, save for any breach or violation under the Subscription Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in July 2018 and principally operates a virtual asset trading exchange through its wholly owned subsidiary, Hong Kong Digital Asset Ex Limited (“**HKbitEX**”). HKbitEX is headquartered in Hong Kong. HKbitEX is one of the first applicants for dealing in securities (Type 1) and automated trading services (Type 7) licences for the purpose of a virtual asset trading platform from Hong Kong’s Securities and Futures Commission (SFC), which will enable them to offer compliant, secure and reliable virtual asset trading services to global professional and institutional investors. HKbitEX is committed to provide a compliant and regulated virtual asset spot trading and over-the-counter (OTC) trading platform for global professional investors.

REASONS FOR AND BENEFITS OF 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 Group plans to invest in new businesses that show ample growth potential. The Board noted that financial technology is growing rapidly throughout the world, which helps to create new business models and brings about significant changes to the financial sector and the means of providing financial services.

Considering the increasing popularity of virtual asset trading platforms in various economic sectors and the accelerated development in the related technology, the Group has been looking to seize the opportunities to invest business of financial technology.

In addition, as the virtual asset trading platforms in Hong Kong will be regulated, the Group anticipates the regulated virtual asset exchange market will derive ample of business opportunities for HKbitEX and financial technology companies.

Therefore, on 25 November 2020 (after trading hours), the Subscriber has entered into the Subscription Agreement with, amongst other things, the Target Group in relation to the Subscription of US\$3 million of share capital of Series A2 Preference Shares, being approximately 6% of the enlarged issued shares (on an as-converted basis) of the Target Company after the investment of Series A2 Preference Shares by all Series A2 Preference Shares investors.

The Board considers that the terms of the Subscription Agreement are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole to enter into the Subscription Agreement to subscribe shares in the Target Company.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription Agreement is less than 5%, the entering into of the Subscription Agreement and the transaction contemplated thereunder together do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“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 issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1410)
“Completion”	the completion of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Investor(s)”	investor(s) of the Series A2 Preference Shares

“IT”	information technology
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Series A2 Preference Shares”	Series A2 preference shares of the Target Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between each of the Target Group companies and founder shareholders of the Target Company and all investors of the Target Company (including the Subscriber and other Series A2 Preference Shares investors) at Completion, pursuant to the Subscription Agreement to, amongst other things, regulate their relationship with each other
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Axion Global Investment Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Subscription Agreement”	the subscription agreement entered on 25 November 2020 between each of the Target Group companies, founder shareholders of the Target Company and other Series A2 Preference Shares investors, in relation to, amongst other things, the subscription of the Series A2 Preference Shares
“Target Company”	Tykhe Capital Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“%”	per cent

For illustration purposes only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.76. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates or at all.

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

Hong Kong, 25 November 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.