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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

FINANCIAL HIGHLIGHTS

The Group recorded a revenue and gross profit of approximately HK\$239.7 million and approximately HK\$61.9 million for the six months ended 30 September 2021, representing an increase of approximately 19.6% and approximately 9.9%, respectively when compared with the revenue and gross profit of approximately HK\$200.5 million and approximately HK\$56.3 million for the six months ended 30 September 2020.

The net profit after tax attributable to owners of the Company for the six months ended 30 September 2021 increased to approximately HK\$98.9 million (six months ended 30 September 2020: approximately HK\$15.0 million), representing an increase of approximately 560.4% as compared to the corresponding period in 2020.

The board of Directors (“**Board**”) does not recommend the payment of a dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

INTERIM RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2021, together with the unaudited comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended	
		30 September	
	Notes	2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	239,744	200,498
Cost of sales		<u>(177,875)</u>	<u>(144,187)</u>
Gross profit		61,869	56,311
Other income		552	397
Other gains and losses, net	6	103,046	(242)
Distribution and selling expenses		(20,579)	(13,692)
Administrative and other expenses		(42,009)	(23,183)
Finance costs		<u>(946)</u>	<u>(618)</u>
Profit before taxation	7	101,933	18,973
Taxation	8	<u>(3,812)</u>	<u>(3,995)</u>
Profit for the period		98,121	14,978
Other comprehensive (expense) income for the period			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(108)	144
Item that will not be subsequently reclassified to profit or loss:			
Fair value gain on revaluation of intangible assets		<u>423</u>	<u>–</u>
		<u>315</u>	<u>144</u>
Total comprehensive income for the period		<u><u>98,436</u></u>	<u><u>15,122</u></u>

		Six months ended	
		30 September	
	<i>Notes</i>	2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		98,913	14,978
Non-controlling interests		(792)	–
		<u>98,121</u>	<u>14,978</u>
		<u>98,121</u>	<u>14,978</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		99,228	15,122
Non-controlling interests		(792)	–
		<u>98,436</u>	<u>15,122</u>
		<u>98,436</u>	<u>15,122</u>
Earnings per share (<i>HK cents</i>)			
– Basic and diluted	9	<u>9.84</u>	<u>1.49</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021 and as at 31 March 2021

	<i>Notes</i>	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Non-current assets			
Property and equipment	11	89,741	56,173
Deposits paid for acquisition of property and equipment		–	3,941
Goodwill		3,216	3,216
Intangible assets		19,052	6,228
Financial assets at fair value through profit or loss (“FVTPL”)		123,502	23,264
Deferred tax assets		190	710
Prepayments and deposits	12	65,986	51,140
		301,687	144,672
Current assets			
Inventories		12,017	4,832
Loan receivable		4,792	4,791
Trade and other receivables, prepayments and deposits	12	184,981	139,155
Tax recoverable		236	21
Contract assets	13	2,353	4,996
Financial assets at FVTPL		263	13,021
Bank balances and cash		48,817	73,383
		253,459	240,199
Current liabilities			
Trade and other payables and accruals	14	50,813	39,930
Lease liabilities		5,407	8,005
Contract liabilities		121,713	106,762
Bank borrowings	15	24,748	2,491
Tax liabilities		7,884	4,937
		210,565	162,125
Net current assets		42,894	78,074
Total assets less current liabilities		344,581	222,746

		As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		10,714	10,236
Contract liabilities		66,511	47,595
Bank borrowings	15	31,265	19,711
Deferred tax liabilities		1,028	1,028
		<u>109,518</u>	<u>78,570</u>
Net assets		<u>235,063</u>	<u>144,176</u>
Capital and reserves			
Share capital	16	10,049	10,049
Reserves		220,288	129,809
Equity attributable to owners of the Company		230,337	139,858
Non-controlling interests		4,726	4,318
Total equity		<u>235,063</u>	<u>144,176</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021 (audited)	10,049	65,798	3,633	2,644	(262)	–	57,996	139,858	4,318	144,176
Profit (loss) for the period	–	–	–	–	–	–	98,913	98,913	(792)	98,121
Other comprehensive (expenses) income for the period	–	–	–	–	(108)	423	–	315	–	315
Total comprehensive (expenses) income for the period	–	–	–	–	(108)	423	98,913	99,228	(792)	98,436
Dividend paid (<i>Note 10</i>)	–	–	–	–	–	–	(10,049)	(10,049)	–	(10,049)
Transfer to accumulated profits upon forfeiture of share options	–	–	–	(58)	–	–	58	–	–	–
Recognition of share options granted	–	–	–	1,300	–	–	–	1,300	–	1,300
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	1,200	1,200
At 30 September 2021 (unaudited)	<u>10,049</u>	<u>65,798</u>	<u>3,633</u>	<u>3,886</u>	<u>(370)</u>	<u>423</u>	<u>146,918</u>	<u>230,337</u>	<u>4,726</u>	<u>235,063</u>
At 1 April 2020 (audited)	10,014	63,805	3,633	2,732	(391)	–	33,121	112,914	–	112,914
Profit for the period	–	–	–	–	–	–	14,978	14,978	–	14,978
Other comprehensive income for the period	–	–	–	–	144	–	–	144	–	144
Total comprehensive income for the period	–	–	–	–	144	–	14,978	15,122	–	15,122
Dividend paid (<i>Note 10</i>)	–	–	–	–	–	–	(10,015)	(10,015)	–	(10,015)
Transfer to accumulated profits upon forfeiture of share options	–	–	–	(151)	–	–	151	–	–	–
Recognition of share options granted	–	–	–	63	–	–	–	63	–	63
Issue of shares under share award scheme	35	1,995	–	–	–	–	–	2,030	–	2,030
Transaction cost attributable to issue of new shares	–	(2)	–	–	–	–	–	(2)	–	(2)
At 30 September 2020 (unaudited)	<u>10,049</u>	<u>65,798</u>	<u>3,633</u>	<u>2,644</u>	<u>(247)</u>	<u>–</u>	<u>38,235</u>	<u>120,112</u>	<u>–</u>	<u>120,112</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	717	37,115
Net cash used in investing activities:		
Purchase of property and equipment	(35,335)	(3,853)
Investment in intangible assets	(12,401)	–
Other investing activities	2,795	(3,266)
	<u>(44,941)</u>	<u>(7,119)</u>
Net cash generated from (used in) financing activities:		
Bank borrowings raised	35,273	–
Payments of lease liabilities	(4,179)	(2,617)
Dividend paid	(10,049)	(10,015)
Other financing activities	(1,055)	(1,969)
	<u>19,990</u>	<u>(14,601)</u>
Net (decrease) increase in cash and cash equivalents	(24,234)	15,395
Cash and cash equivalents at the beginning of the period	73,383	73,559
Effect of exchange rate changes	(332)	328
Cash and cash equivalents at the end of the period represented by bank balances and cash	<u><u>48,817</u></u>	<u><u>89,282</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL

Edvance International Holdings Limited (“**Company**”) is an investment holding company and its subsidiaries are principally engaged in distribution of cybersecurity security products, provision of cybersecurity security services, and provision of financial services and investment business. The address of the registered office and principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 20th Floor, 8 Wyndham Street, Central, Hong Kong, respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

2. BASIS OF PREPARATION

These condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange (“**Listing Rules**”).

These condensed consolidated interim financial information are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated interim financial information contain condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 March 2021 (“**2021 Annual Financial Statements**”). These condensed consolidated interim financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the 2021 Annual Financial Statements.

3. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared with the same accounting policies adopted in the 2021 Annual Financial Statements, except for those that relate to new standards or interpretations issued by the HKICPA mandatory for the annual periods beginning on or after 1 April 2021. The effect of the adoption of these standards, amendments and interpretation is not material on these condensed consolidated interim financial information except for the effects as described in the 2021 Annual Financial Statements.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Annual Financial Statements.

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new or amendments to HKFRSs does not have any significant financial effect on the Group’s condensed consolidated interim financial information.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance. The Directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

4. REVENUE

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 for the period.

An analysis of the Group's revenue from goods and services by segment for the period is as follows:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Types of goods or services:		
Cybersecurity products business*		
– procurement of network security products, system security products and application and data security products	<u>132,940</u>	<u>110,233</u>
Cybersecurity services business*		
– provision of technical implementation services	<u>17,117</u>	<u>14,605</u>
– provision of maintenance and support services	<u>89,687</u>	<u>75,660</u>
	<u>106,804</u>	<u>90,265</u>
Financial services and investment business*		
– provision of financial services	<u>–</u>	<u>–</u>
	<u>239,744</u>	<u>200,498</u>

* The segment names are defined in the section “Segment information” in note 5.

Information about the Group's revenue from external customers is presented based on the locations of the shipments of goods or the services provided.

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition:		
Over time	<u>106,804</u>	<u>90,265</u>
A point in time	<u>132,940</u>	<u>110,233</u>
	<u>239,744</u>	<u>200,498</u>

5. SEGMENT INFORMATION

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

- (1) Cybersecurity products business refers to the procurement of network security products, system security products and application and data security products by the Group;
- (2) Cybersecurity services business refers to the provision of technical implementation and maintenance and support services to customers by the Group; and
- (3) Financial services and investment business refers to the provision of financial services to customers, venture investment and securities trading by the Group.

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

	Six months ended 30 September 2021			
	Cybersecurity products business	Cybersecurity services business	Financial services and investment business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue	<u>132,940</u>	<u>106,804</u>	<u>–</u>	<u>239,744</u>
Segment results	<u>26,638</u>	<u>35,231</u>	<u>94,123</u>	<u>155,992</u>
Other income				552
Other gains and losses, net				2,986
Distribution and selling expenses				(19,376)
Administrative and other expenses				(37,275)
Finance costs				<u>(946)</u>
Profit before taxation				<u>101,933</u>

	Six months ended 30 September 2020		
	Cybersecurity products business <i>HK\$'000</i> (unaudited)	Cybersecurity services business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue	110,233	90,265	200,498
Segment results	30,202	26,109	56,311
Other income			397
Other gains and losses, net			(242)
Distribution and selling expenses			(13,692)
Administrative and other expenses			(23,183)
Finance costs			(618)
Profit before taxation			18,973

Segment result represents the profit earned by each segment without allocation of other income, certain other gains and losses, net, certain distribution and selling expenses, certain administrative and other expenses, and finance costs.

Geographical information

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Geographical markets:		
Hong Kong	216,424	170,770
Macau (<i>note</i>)	11,015	14,382
Mongolian People's Republic ("Mongolia") (<i>note</i>)	3,517	3,785
The People's Republic of China ("PRC") (excluding Hong Kong and Macau)	5,884	8,302
Republic of Singapore ("Singapore")	2,904	3,259
	239,744	200,498

Note: The sales made to the customers located in Macau and Mongolia are through the operation of the Group's subsidiaries in Hong Kong and Singapore.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net foreign exchange gain/(loss)	418	(263)
Gain on disposal of property and equipment	2,568	21
Fair value gain on financial assets at FVTPL	100,238	–
Loss on disposal of financial assets at FVTPL, net	(178)	–
	<u>103,046</u>	<u>(242)</u>

7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging:		
Staff costs:		
Directors' remuneration	5,889	4,998
Other staff costs	39,740	25,104
Contributions to retirement benefit schemes	1,840	1,218
Share-based payments	782	2,093
	<u>48,251</u>	<u>33,413</u>
Auditor's remuneration	757	675
Cost of inventories recognised as an expense	106,302	80,031
Expenses relating to short-term leases	300	144
	<u>107,359</u>	<u>80,849</u>
Depreciation of right-of-use assets	4,298	2,991
Depreciation of other property and equipment	3,646	2,192
	<u>7,944</u>	<u>5,183</u>

8. TAXATION

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	3,125	3,945
PRC Enterprise Income Tax ("EIT")	167	–
Macau Complementary Tax	–	50
	<hr/>	<hr/>
	3,292	3,995
Deferred tax	520	–
	<hr/>	<hr/>
	3,812	3,995
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 September 2021 and 2020, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

PRC EIT is calculated at 25% on the estimated assessable profit for the six months ended 30 September 2021. No provision for PRC EIT has been made as the Group did not generate any assessable profits arising in PRC during the six months ended 30 September 2020.

No provision for Macau Complementary Tax has been made as the Group did not generate any estimated assessable profits arising in Macau during the six months ended 30 September 2021. Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the six months ended 30 September 2020.

No provision for Singapore income tax has been made as the Group did not generate any estimated assessable profits arising in Singapore during the six months ended 30 September 2021 and 2020.

9. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	98,913	14,978
	1,004,946,000	1,001,981,519

	Six months ended	
	30 September	
	2021	2020
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	1,004,946,000	1,001,981,519

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares for both periods.

10. DIVIDEND

A final dividend of HK\$0.01 per share of the Company with aggregate amount of approximately HK\$10,049,000 in respect of the year ended 31 March 2021 has been declared and paid by the Company during the six months ended 30 September 2021.

A final dividend of HK\$0.01 per share of the Company in with aggregate amount of approximately HK\$10,015,000 respect of the year ended 31 March 2020 has been declared and paid by the Company during the six months ended 30 September 2020.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property and equipment of approximately HK\$45,905,000 (six months ended 30 September 2020: approximately HK\$3,853,000).

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Current		
Trade receivables	102,116	68,528
Less: allowance for credit losses	(800)	(800)
	<u>101,316</u>	<u>67,728</u>
Prepayments to suppliers for maintenance and support services	81,949	69,264
Receivables with broker's house	–	53
Other tax receivables	–	377
Prepayments and others	1,716	1,733
	<u>184,981</u>	<u>139,155</u>
Non-current		
Rental deposits	2,043	3,494
Deposits for life insurance contracts	13,674	13,517
Prepayment of life insurance charged	392	413
Prepayments to suppliers for maintenance and support services	49,877	33,716
	<u>65,986</u>	<u>51,140</u>
Total trade and other receivables, prepayments and deposits	<u><u>250,967</u></u>	<u><u>190,295</u></u>

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period:

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
0 to 30 days	93,746	38,519
31 to 60 days	5,332	16,713
61 to 90 days	790	4,095
91 to 120 days	117	4,199
121 to 365 days	1,331	4,202
	<u>101,316</u>	<u>67,728</u>

13. CONTRACT ASSETS

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Contract assets from technical implementation services contracts	2,403	5,046
Less: allowance for credit losses	(50)	(50)
	<u>2,353</u>	<u>4,996</u>

14. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade and other payables and accruals:

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Trade payables	32,585	29,329
Accrued expenses	9,991	3,133
Accrued staff costs	7,809	7,035
Others	428	433
	<u>50,813</u>	<u>39,930</u>

The following is an ageing analysis of trade payables presented based on the invoice date:

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
0 to 30 days	32,574	24,394
31 to 60 days	–	4,830
61 to 90 days	–	90
91 to 120 days	–	4
121 to 365 days	11	11
	<u>32,585</u>	<u>29,329</u>

15. BANK BORROWINGS

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Secured and guaranteed bank borrowings	<u>56,013</u>	<u>22,202</u>
The carrying amounts of the above bank borrowings are repayable:		
Within one year	24,748	2,401
More than one year but not exceeding two years	1,718	1,329
More than two years but not exceeding five years	5,297	3,715
More than five years	<u>24,250</u>	<u>14,757</u>
	56,013	22,202
Less: Amounts due within one year or contains a repayment on demand clause shown under current liabilities	<u>(24,748)</u>	<u>(2,491)</u>
Amounts shown under non-current liabilities	<u>31,265</u>	<u>19,711</u>

During the period for the six months ended 30 September 2021, the Group has drawn down the following new bank borrowings:

- (i) HK\$12,895,000 for purchase of the properties located in Hong Kong – this loan carries variable interest rate of 1 month Hong Kong Interbank Offered Rate plus 1.3% per annum. This bank borrowing was secured by the owned property and the corporate guarantees provided by the Group.
- (ii) HK\$22,378,000 for import invoice financing of products and services (“**Invoice Financing**”) – these loans bridge the cash-flow gap between settlement to our vendors and receiving payment from our customers which carries variable interest rate at London Interbank Offered Rate plus 2.65% per annum. These bank borrowings were also secured by the life insurance contracts and the corporate guarantees provided by the Group.

As at 30 September 2021, bank borrowing of approximately HK\$20,949,000 (31 March 2021: HK\$20,949,000) is a Singapore Dollar (“**SG\$**”) denominated mortgage loan for the owned properties, carries variable interest rate of prevailing 3-month SG\$ SIBOR plus 3% (31 March 2021: prevailing 3-month SG\$ SIBOR plus 3%) per annum. This bank borrowing is secured by the owned properties and the corporate guarantees provided by the Group.

Subsequent to the period ended 30 September 2021, all of the Invoice Financing had been fully repaid by the Group’s internal resources.

16. SHARE CAPITAL

Details of the shares of the Company are as follows:

	<i>Number of shares</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 April 2020 (audited)	1,001,446,000	10,014
Issue of shares under share award scheme (<i>note</i>)	<u>3,500,000</u>	<u>35</u>
At 30 September 2020 (unaudited), 1 April 2021 (audited) and 30 September 2021 (unaudited)	<u>1,004,946,000</u>	<u>10,049</u>

Note: During the six months ended 30 September 2020, a total of 3,500,000 new ordinary shares of HK\$0.01 each of the Company were issued and allotted to four employees under the share award scheme adopted on 1 September 2020.

17. RELATED PARTY TRANSACTIONS

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Consultancy expenses to Wepro 180 (Hong Kong) Limited (<i>note</i>)	<u>-</u>	<u>600</u>

Note: Mr. Liu Yui Ting Raymond, a director of the Company, is the controlling shareholder of Wepro 180 (Hong Kong) Limited. On 9 October 2020, Wepro 180 (Hong Kong) Limited became a wholly-owned subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

It was a meaningful half year of Edvance International Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) as our evolution into an innovative cybersecurity and fintech company has come into shape through our research and development and investment efforts over the period.

Core cybersecurity businesses as the backbone of the Company

While the overall business environment was experiencing the fundamental change to new practical normality of remote working, and the pandemic led to extra calls for better protections from the internet, cyber threat is increasingly a significant concern for business. For the six months ended 30 September 2021 (“**FY2022 1H**”), we saw strong demand for cybersecurity product and services, with government and enterprises sectors outperformed others. Our persistent pursuit of value-added cybersecurity solutions offering was well recognised by winning a local key project in public sector. High client stickiness and strong renewal business contributed to steady income growth, which we foresee the performance will be on track for full year.

There was encouraging feedback for our newly established cybersecurity services provider, ESH (Hong Kong) Limited as we observed increased service delivery rate. The improved services model for both existing and new clients has been working in great progress and is expected to launch in November 2021, with an aim to ensure effective use of client’s solutions.

The increased traction in cloud adaption has been favourable to Green Radar, our cloud-based email security-as-a-service business. To expand the market presence, the Group have been shifting to channel sales model. In the reporting period, we secured partnerships with three major telecom service players in Hong Kong, providing Green Radar a full coverage of the corresponding client base from small and medium sized enterprise to large enterprise level. In August 2021, it launched a local email threat index – Green Radar Email Threat Index (GRETI), the first ever email threat index focusing on Hong Kong market, an extension of SOC (Security Operations Center) data use to provide cybersecurity practitioners more insights on the risk level of email attack quarterly.

Continue to execute on growth of financial services and investment business

The financial services and investment businesses under our Axion Global Digits brand structure (“**AG Digits**”) continues to execute our 3-pronged strategy of ventures investment, innovation, and digital asset management to capitalise on the growth in the digital asset ecosystem.

On the venture investment front, the Group was buoyed by the success of our long term investment in the holding company of Hong Kong Digital Asset Ex Limited (“**HKbitEX**”). Based on the post money valuation of the Group’s holding of its Series A2 Preference Shares, the fair value gain is approximately HK\$100 million, representing more than four fold increase on our original investment. Meanwhile, the Group continued to explore investment opportunities that will help us to bolster our capabilities and fast track our growth aspirations. In June 2021, the Group entered into a non-legally binding memorandum of understanding with Orichal Partners Limited, a private research and analytics company that will help enhance our blockchain research capability.

The Group is committed to investing in innovation that will create new products and services of tomorrow. We adopt a bias for action approach to pursue our innovation agenda and test quickly in the market. In addition, the Group has initiated the issuance of a security token offering for the Group of Green Radar. This process has given us invaluable first-hand experience and insight into structuring a security token offering as we continue to build our expertise and capabilities in the digital assets domain.

Meanwhile, Axion Global Asset Management Limited (“**AGAM**”), an indirect non-wholly owned subsidiary of the Company, has completed transition into an institutional grade asset management business focusing on digital assets during the reporting period. The team expanded to a new office location in Central in preparation for launching our digital asset products. We remain optimistic in obtaining the approvals from the regulator to become one of the first asset managers to operate a fully regulated digital asset management business and serve the needs of institutional and family office investors in Hong Kong.

Forging ahead at the market frontier

Constant innovation is the key for success of technology-based company as the market need is rapidly evolving. During the FY2022 1H, the Company poured resources for innovation across different solutions offering in core cybersecurity businesses to improve overall domain coherent for best results. Similar efforts were made under the Axion Global Innovation Centre Limited, an in-house research and development division to build the core enabling technologies for financial technology. DocuRoom, the next generation secured virtual document portal for the virtual asset market, went through successful internal trials, we will continue to improve the platform as it becomes generally available.

OUTLOOK

With the HKSAR government’s active response to strengthen cyber and data security by proposing a cybersecurity law in the recent policy address, the Group is of the view that this will ultimately be conducive to the local cybersecurity industry as it will provide clear guideline and potentially enhances the companies’ awareness to adopt, review and upgrade cybersecurity applications to ensure effective protection.

As digitalisation is driving the future in one form or another, cybersecurity is definitely an important issue for all businesses. The Group remains optimistic about the cybersecurity market and believe our continual efforts will let the Group stay ahead in the industry in future. In the second half of financial year ending 31 March 2022 (“**FY2022 2H**”), we expect strong pipeline to be recognised in cybersecurity product sector.

After around one year of preparation for AG Digits, the Group foresees its financial services and investment arm will make meaningful inroads in FY2022 2H. The Group expects all initiatives will be developed on track. We remain our target to attain the license uplift for AGAM in FY2022 2H, expecting to be followed by the launch of a virtual asset fund which we are now in the critical stage of final preparation. The Group also aim for operational ready for the DocuRoom project plus the new offering come along.

The Group’s overall goal of building up a digital asset ecosystem is still unchanged. We strongly believe edvance is well positioned to tap into this disruptive market with its sophisticated technology knowhow, experience, and network, unleash the business potential and returns that it will bring to our shareholders.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately HK\$39.3 million, or approximately 19.6%, from approximately HK\$200.5 million for the six months ended 30 September 2020 (“**FY2021 1H**”) to approximately HK\$239.7 million for FY2022 1H. The increase was mainly attributable to the continuous strong demand on cybersecurity product and services during FY2022 1H.

Gross profit and gross profit margin

The Group’s gross profit increased by approximately HK\$5.6 million, or approximately 9.9%, from approximately HK\$56.3 million in FY2021 1H to approximately HK\$61.9 million in FY2022 1H. The increase in gross profit was in line with the increase in revenue. The gross profit margin slightly decreased by approximately 2.3% to approximately 25.8% in FY2022 1H as compared to approximately 28.1% in FY2021 1H. The slightly decrease in gross profit margin mainly because a relatively larger share of the Group’s revenue for FY2022 1H came from cybersecurity product business, which had a relatively lower profit margin compared with cybersecurity services business.

Other gains and losses, net

The Group’s other gains and losses, net for FY2022 1H was approximately HK\$103.0 million, mainly representing fair value gain on financial assets at fair value through profit or loss (“**FVTPL**”) approximately HK\$100.2 million and gain on disposal of property and equipment approximately HK\$2.6 million. Such significant fair value gain on financial assets at FVTPL was all related to the unlisted investment of the holding company of HKbitEX based on the post money valuation of the Group’s holding of its Series A2 Preference Shares.

Distribution and selling expenses

The Group's distribution and selling expenses increased by approximately HK\$6.9 million, or approximately 50.3%, from approximately HK\$13.7 million in FY2021 1H to approximately HK\$20.6 million in FY2022 1H which was mainly due to the increase in staff cost in line with the expansion of the Group.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately HK\$18.8 million, or approximately 81.2%, from approximately HK\$23.2 million in FY2021 1H to approximately HK\$42.0 million in FY2022 1H. Such increase was mainly due to the increase in (i) administrative staff costs by approximately HK\$7.0 million; (ii) legal and professional fees by approximately HK\$4.6 million; and (iii) general operating costs by approximately HK\$7.2 million in line with the continuous expansion of the Group and the Group's various new projects.

Profit for the period attributable to owners of the Company

The profit attributable to owners of the Company increased from approximately HK\$15.0 million in FY2021 1H to approximately HK\$98.9 million in FY2022 1H. The significant increase was mainly attributable to fair value gain on financial assets at FVTPL as mentioned above.

DIVIDEND

The Board does not recommend the payment of any dividend for FY2022 1H (FY2021 1H: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

During FY2022 1H, the Group financed its operation mainly through cash generated from our operating activities. As at 30 September 2021, we had cash and cash equivalents of approximately HK\$48.8 million (as at 31 March 2021: approximately HK\$73.4 million).

GEARING RATIO

The Group's gearing ratio, which is calculated based on the total borrowings (defined as the sum of bank borrowings and lease liabilities) as at the respective period end divided by the total equity as at the respective corresponding period end, was approximately 30.7% as at 30 September 2021 (as at 31 March 2021: approximately 28.1%). The Group maintained strong liquidity position during FY2022 1H.

CAPITAL STRUCTURE

As at 30 September 2021, the capital structure of the Company comprised issued share capital and reserves. Detail of movements in the share capital during FY2022 1H are set out in note 16 to the unaudited condensed consolidated financial statements in this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the paragraphs headed “Outlook” above, the Group does not have any future plans for material investments and capital assets as at the date of this announcement.

SIGNIFICANT INVESTMENTS

As at 30 September 2021, the financial assets at FVTPL of the Group amounted to approximately HK\$123.8 million (31 March 2021: approximately HK\$36.3 million), including (a) unlisted investment of approximately HK\$123.5 million (31 March 2021: approximately HK\$23.3 million) and (b) equity securities of approximately HK\$0.3 million (31 March 2021: approximately HK\$13.0 million).

The Directors considered that (i) investments with a carrying amount that account for more than 5% of the Group’s unaudited total assets as at 30 September 2021; or (ii) investments which recorded realised or unrealised gain/(loss) of over HK\$5 million during the reporting period as significant investments.

Description of investments	Notes	Carrying amount as at 1 April 2021 HK\$'000	Acquisition and disposal, net during period HK\$'000	Fair value gain, and loss on disposal recognised in profit and loss, net HK\$'000	Carrying amount as at 30 September 2021 HK\$'000	Percent to the Group's unaudited total assets as at 30 September 2021
Financial assets at FVTPL						
Unlisted investment, at fair value – investment in the holding Company of HKbitEX	(a)	23,264	–	100,238	123,502	22.25%
Equity securities listed in Hong Kong and the United States	(b)	13,021	(12,580)	(178)	263	0.05%
Total		<u>36,285</u>	<u>(12,580)</u>	<u>100,060</u>	<u>123,765</u>	<u>22.30%</u>

Notes:

- (a) This unlisted investment represented approximately 6% of issued shares (on an as-converted basis) of the Tykhe Capital Group Limited (“**Tykhe**”), which was completed on 7 December 2020 and was held for an identified long term strategic purpose and the Group does not intend to dispose such shares in the foreseeable future.

Tykhe was established in July 2018 and principally engaged in the operation of a virtual asset trading exchange through its wholly owned subsidiary, HKbitEX. HKbitEX is headquartered in Hong Kong and was one of the first applicants which applied to the SFC for dealing in securities (Type 1) and automated trading services (Type 7) licences for the purpose of a virtual asset trading platform, which will enable them to offer regulated virtual asset trading services to global professional and institutional investors.

As at 30 September 2021, the fair value of this unlisted investment was approximately HK\$123.5 million based on the post money valuation of the Group’s holding of its Series A2 Preference Shares and the valuation report prepared by a professional valuer. No dividend was received from this investment by the Group for FY2022 1H.

- (b) As at 30 September 2021, the Group’s held only 1 equity security listed in Hong Kong. Such investment had a carrying amount that account for less than 5% of the Group’s unaudited total assets as at 30 September 2021 and there was no investments which recorded realised or unrealized gain/(loss) of over HK\$5 million during FY2022 1H.

ACQUISITION OF PROPERTIES

On 26 January 2021, Edvance Property Investment (Hong Kong) Limited (“**EPIHK**”), an indirect wholly-owned subsidiary of the Company, entered into the provisional sale and purchase agreement (“**Provisional Agreement**”) with Right Union Development Limited (“**Right Union**”), an independent third party, pursuant to which EPIHK had conditionally agreed to acquire, and Right Union had conditionally agreed to sell, shop A and flat roof A, 10th floor, Monterey Plaza, No.15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong (“**Properties**”) at the consideration of HK\$25,791,757 (“**Properties Acquisition**”). In accordance with the terms and conditions of the Provisional Agreement, on 8 February 2021, EPIHK and Right Union entered into the formal sale and purchase agreement (“**Formal Agreement**”) in respect of the Properties Acquisition on the same principal terms as set out under the Provisional Agreement.

On 4 May 2021, all the terms and conditions of the Formal Agreement, had been fulfilled and completion of the Properties Acquisition took place with immediate effect. Upon completion of the Properties Acquisition, EPIHK had become the sole owner of the Properties. Further details of the Properties Acquisition are set out in the announcements of the Company dated 26 January 2021 and 4 May 2021.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above, the Group had no other significant investment, material acquisitions or disposals of subsidiaries and affiliated companies during FY2022 1H.

CAPITAL COMMITMENTS

As at 30 September 2021, the Group has no material capital commitments (31 March 2021: approximately HK\$25.3 million) in respect of the property and equipment contracted but not provided for.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's purchase are primarily denominated and settled in US Dollars. The sales of the Group are predominated in Hong Kong Dollars. The Group will continue to monitor the risk related to foreign exchanges. The Group did not use any hedging contracts to engage in speculative activities during FY2022 1H.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2021, the Group's bank borrowings were secured by the properties located in Hong Kong and Singapore, and life insurance contracts entered into with a bank.

INFORMATION ON EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had 133 employees (as at 30 September 2020: 105 employees) and most of them were working in the Hong Kong headquarters. We incurred staff costs inclusive of performance related bonus, share based payments and directors' emoluments of approximately HK\$48.3 million and approximately HK\$33.4 million for FY2022 1H and FY2021 1H, respectively.

The remuneration package for the Group's employees generally includes salary and bonuses. The Group's employees also receive welfare benefits, including retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. The Group conducts annual review of the performance of the Group's employees for determining the level of bonus, salary adjustment and promotion of the Group's employees. The Group also conducts research on the remuneration packages offered for similar positions in Hong Kong in order to keep the Group's remuneration packages at a competitive level. The Company has also adopted share award scheme and share option scheme, which are designed to provide incentives and rewards to the Group's employees.

OTHER INFORMATION

SHARE AWARD SCHEME

The Company had adopted the share award scheme on 1 September 2020 (“**Share Award Scheme**”), under which any individual being an eligible employee, officer, agent or consultant of the Company or any subsidiary of the Company or any other person (including professional advisers and suppliers of the Group as selected by the Board (excluding connected persons under the Rules Governing of the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”)) were entitled to participated to the Share Award Scheme. The Share Award Scheme shall be valid and effective for a period of 10 years commencing from 1 September 2020.

The purposes of the Share Award Scheme are: (i) to provide certain participant with an opportunity to acquire a proprietary interest in the Company; (ii) to recognise the contributions by certain participant and give incentives thereto in order to retain them for the continual operation and development of the Group; (iii) to attract suitable personnel to work with the Group; and (iv) to provide additional incentive for them to achieve long term performance goals and development.

During FY2022 1H, no shares of the Company were awarded to any eligible participants.

SHARE OPTION SCHEME

On 23 March 2017, the Company had conditionally approved and adopted the share option scheme (“**Share Option Scheme**”) where eligible participants may be granted options entitling them to subscribe for the shares of the Company (“**Shares**”). The purpose of the Share Option Scheme is to enable the Company to grant share options to eligible participants as incentives or rewards for their contribution to the Group.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years until 22 March 2027. Under the Share Option Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant, which includes any director, employee, officer, consultant, customer, supplies, agent, partner or advisor of or contractor to the Group, whom the Board may think fit.

The maximum entitlement of each eligible participant in any 12-month period under the Share Option Scheme shall be 1% of the Company’s issued Share capital from time to time. Any offer under the Share Option Scheme must be accepted by the relevant eligible participant with a payment in favour of the Company of HK\$1 as consideration within 21 days. Any option under the Share Option Scheme, may be exercised at any time during the relevant option period.

The exercise price in respect of any option under the Share Option Scheme shall be not less than the higher of:

- (a) the closing price of the Shares on the date of the offer of the grant;
- (b) the average closing price of the Shares for the five business days immediately proceeding the date of the offer of grant; and
- (c) the nominal value of such Shares.

Details of the movements of share options of the Company (“Share Options”), granted, exercised or cancelled/lapsed during the FY2022 1H and outstanding as at 30 September 2021 are as follows:

Share Options Movement Summary

For the six months ended	Grantee	Date of grant of Share Options	Exercise price of Share Options HK\$	Exercise period (both dates inclusive)	As at 1 April 2021	Grant during the period	Exercise during the period	Lapsed during the period	Outstanding at 30 September 2021
30 September 2021	Director	21 April 2021	0.582	21 April 2022 to 20 April 2027	-	2,200,000	-	-	2,200,000
		21 April 2021	0.582	21 April 2023 to 20 April 2028	-	1,650,000	-	-	1,650,000
		21 April 2021	0.582	21 April 2024 to 20 April 2029	-	1,650,000	-	-	1,650,000
Total for Director					-	5,500,000	-	-	5,500,000
30 September 2021	Employees	7 July 2017	0.65	7 July 2018 to 6 July 2023	3,200,000	-	-	-	3,200,000
		7 July 2017	0.65	7 July 2019 to 6 July 2024	3,093,000	-	-	(105,000)	2,988,000
		7 July 2017	0.65	7 July 2020 to 6 July 2025	3,093,000	-	-	(105,000)	2,988,000
Sub-total					9,386,000	-	-	(210,000)	9,176,000
30 September 2021	Employees	21 April 2021	0.582	21 April 2022 to 20 April 2027	-	3,800,000	-	(164,000)	3,636,000
		21 April 2021	0.582	21 April 2023 to 20 April 2028	-	2,850,000	-	(123,000)	2,727,000
		21 April 2021	0.582	21 April 2024 to 20 April 2029	-	2,850,000	-	(123,000)	2,727,000
Sub-total					-	9,500,000	-	(410,000)	9,090,000
Total for employees					9,386,000	9,500,000	-	(620,000)	18,266,000
Total					9,386,000	15,000,000	-	(620,000)	23,766,000

During FY2022 1H, 15,000,000 Share Options were granted while no Share Options were exercised and cancelled. Share Options in respect of 620,000 Shares were lapsed during FY2022 1H.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2021, 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 Future Ordinance (“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 the code for dealing in securities of the Company by the Directors as set out in Appendix 10 of the Listing Rules (“Model Code”), are set out below:

Long positions

Names of Director	Capacity/ Nature of Interest	Number of Shares held	Number of underlying Shares held	Approximate % of shareholding⁽¹⁾
Mr. Liu Yui Ting Raymond (“Mr. Raymond Liu”) ⁽²⁾	Interest of a controlled corporation	570,000,000	–	56.72%
	Beneficial owner ⁽⁶⁾	–	5,500,000	0.54%
				57.26%
Mr. Lo Wai Ho Ashley (“Mr. Ashley Lo”) ⁽²⁾	Interest of a controlled corporation	570,000,000	–	56.72%
Mr. Von John ⁽³⁾	Interest of a controlled corporation	60,000,000	–	5.97%
Mr. Lee Francis Sung Kei (“Mr. Francis Lee”) ⁽⁴⁾	Interest of a controlled corporation	22,500,000	–	2.24%
Mr. Lam Tak Ling ⁽⁵⁾	Interest of a controlled corporation	22,500,000	–	2.24%

Notes:

- (1) The percentage has been compiled based on the total number of ordinary shares of the Company in issue (1,004,946,000 Shares) as at 30 September 2021.
- (2) This represents the Shares held by Success Vision International Group Limited (“**Success Vision**”), a company that is beneficially owned as to 77.5% by Mr. Raymond Liu and 22.5% by Mr. Ashley Lo, respectively, therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.
- (3) This represents the Shares held by Mind Bright Limited (“**Mind Bright**”), a company was wholly-owned by Mr. Von John and therefore he was deemed to be interested in the 60,000,000 Shares under the SFO.
- (4) This represents the Shares held by Pioneer Marvel Limited, a company was wholly-owned by Mr. Francis Lee and therefore, he was deemed to be interested in the 22,500,000 Shares under the SFO.
- (5) This represents the Shares held by Linking Vision Limited, a company was wholly-owned by Mr. Lam Tak Ling and therefore he was deemed to be interested in the 22,500,000 Shares under the SFO.
- (6) On 21 April 2021, the Company granted a total of 5,500,000 Share Options to Mr. Raymond Liu under the Share Option Scheme.

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

Save as disclosed above, as at 30 September 2021, 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 the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed “Share Option Scheme” of this announcement, at no time during FY2022 1H 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 September 2021, the following persons (other than the Directors or chief executive of the Company), who had interests in the Shares and underlying 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/ Nature of Interest	Number of Shares	Approximate % of shareholding ⁽⁶⁾
Success Vision ⁽¹⁾	Beneficial owner	570,000,000	56.72%
Ms. Cheng Chui Ying ⁽²⁾	Interest of spouse	570,000,000	56.72%
Ms. Lin Fai ⁽³⁾	Interest of spouse	570,000,000	56.72%
Mind Bright ⁽⁴⁾	Beneficial owner	60,000,000	5.97%
Ms. Cheung Mo Chi ⁽⁵⁾	Interest of spouse	60,000,000	5.97%

Notes:

- (1) Success Vision was beneficially owned as to 77.5% by Mr. Raymond Liu, and 22.5% by Mr. Ashley Lo, respectively. Therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.
- (2) Ms. Cheng Chui Ying is the spouse of Mr. Raymond Liu, and was therefore deemed to be interested in the Shares in which Mr. Raymond Liu was interested in under the SFO.
- (3) Ms. Lin Fai is the spouse of Mr. Ashley Lo and was therefore deemed to be interested in the Shares in which Mr. Ashley Lo was interested in under the SFO.
- (4) Mind Bright is wholly-owned by Mr. Von John, Director, and Mr. Von John was therefore deemed to be interested in the 60,000,000 Shares under the SFO.
- (5) 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 was interested in under the SFO.
- (6) The percentage has been compiled based on the total number of ordinary shares of the Company in issue (1,004,946,000 shares) as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, 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 positions in Shares, underlying Shares and debentures of the Company and its associated corporations" above) who had or deemed to have any interests or short positions in the Shares and underlying Shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register of the Company kept under section 336 of the SFO.

COMPETING INTERESTS

During FY2022 1H and up to the date of this interim results announcement, the following director of the Company had the following interests in business which competed or were likely to compete, either directly or indirectly, with the business of the Group as disclosed pursuant to Rule 8.10 of the Listing Rules:

Name of director	Name of entity which were considered to compete or likely compete with the business of the Group	Description of competing business	Nature of interests
Dr. Tang Sing Hing Kenny (Resigned on 31 May 2021)	Venture Smart Asia Limited	A corporation licensed by the SFC in Hong Kong to engage in Type 1 (dealing in securities), Type 4 (advising in securities) and Type 9 (asset management) regulated activities	Representative (starting from 30 April 2021)

As the above director cannot control the Board, the Group is therefore capable of carrying on its businesses independently and such director has now resigned.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors that competed or might compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group during FY2022 1H and up to the date of this interim results announcement.

DEED OF NON-COMPETITION

The controlling shareholders, namely Mr. Raymond Liu, Mr. Ashley Lo 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 of the Company and up to the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company's audit committee currently comprises three independent non-executive Directors, namely Mr. Ng Tsz Fung Jimmy (the chairman of the audit committee), Mr. Chan Siu Ming Simon and Mr. Yu Kwok Chun Raymond. The audit committee has reviewed with the management of the Group's accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for FY2022 1H.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code. Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code for FY2022 1H and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2022 1H 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.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained sufficient public float throughout FY2022 1H and up to the date of this interim results announcement.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to establish good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

The Company's corporate governance practices are based on the principles and code provisions ("**Code Provisions**") set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 of the Listing Rules. During FY2022 1H, the Company has complied with the Code Provisions as set out in the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner, save and except for Code Provision A.2.1 of the CG Code.

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

As Mr. Raymond Liu is chairman (“**Chairman**”) and chief executive officer (“**Chief Executive Officer**”) of the Company from 18 September 2020, it constituted a deviation from code provision A.2.1 of the CG Code since 18 September 2020.

The Board considers that this is a very important phase of the Group’s development and the Chief Executive Officer ought to be tasked with additional responsibilities to oversee, lead and steer the Group from a business perspective that covers the new businesses and was much broader than the Group’s principal engagement in the distribution of cybersecurity products and the provision of cybersecurity services. Given the importance of the Group’s expansion and diversification into new businesses, the Board considers that Mr. Raymond Liu is best suited to take up the additional responsibilities to oversee, lead and steer the Group from a business perspective that covers the new businesses and is broader than the Group’s principal engagement in the distribution of cybersecurity products and the provision of cybersecurity services.

The Board believes that Mr. Raymond Liu’s extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group, and Mr. Raymond Liu, by assuming the roles of both Chairman and Chief Executive Officer, would allow efficient business planning and decision for the Group as a whole, which the Board believes is for the best interest of the Group and the shareholders of the Company.

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

Hong Kong, 24 November 2021

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 Director is 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.