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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

FINANCIAL HIGHLIGHTS

The Group's revenue amounted to approximately HK\$525.4 million for the year ended 31 March 2022, representing an increase of approximately HK\$114.9 million or approximately 28.0% as compared to approximately HK\$410.5 million for the year ended 31 March 2021.

Profit attributable to owners of the Company was approximately HK\$22.8 million for the year ended 31 March 2022, representing a decrease of approximately HK\$12.0 million or approximately 34.4% as compared to profit attributable to owners of the Company of approximately HK\$34.7 million for the year ended 31 March 2021.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**our Group**”, “**we**” or “**our**”) for the year ended 31 March 2022 (“**FY2022**”), together with the comparative audited figures for the preceding financial year ended 31 March 2021 (“**FY2021**”), as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For FY2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	525,383	410,505
Cost of sales or services		(396,976)	(286,492)
Gross profit		128,407	124,013
Other income		1,010	886
Other gains and losses, net		17,833	1,176
Distribution and selling expenses		(39,040)	(27,688)
Administrative and other expenses		(81,924)	(53,421)
Net impairment losses under expected credit loss model		(185)	(437)
Finance costs		(1,965)	(1,347)
Profit before taxation		24,136	43,182
Taxation	5	(3,074)	(8,925)
Profit for the year	6	21,062	34,257
Other comprehensive income (expense) for the year:			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of intangible assets		629	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(328)	129
Total comprehensive income for the year		21,363	34,386
Profit (loss) for the year attributable to:			
Owners of the Company		22,789	34,739
Non-controlling interests		(1,727)	(482)
		21,062	34,257
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		23,090	34,868
Non-controlling interests		(1,727)	(482)
		21,363	34,386
Earnings per share (<i>HK cents</i>)	7		
– basic and diluted		2.27	3.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property and equipment		86,152	56,173
Deposits paid for acquisition of property and equipment		–	3,941
Goodwill		3,216	3,216
Intangible assets		40,264	6,228
Financial assets at fair value through profit or loss (“FVTPL”)	8	37,854	23,264
Deferred tax assets		4,231	710
Prepayments and deposits	9	89,580	51,140
		261,297	144,672
Current assets			
Inventories		13,830	4,832
Loan receivable		4,666	4,791
Trade and other receivables, prepayments and deposits	9	200,008	139,155
Tax recoverable		18	21
Contract assets		6,992	4,996
Financial assets at FVTPL	8	4,406	13,021
Bank balances and cash		49,126	73,383
		279,046	240,199
Current liabilities			
Trade and other payables and accruals	10	70,717	39,930
Lease liabilities		6,855	8,005
Contract liabilities		134,208	106,762
Bank borrowings		37,021	2,491
Tax liabilities		1,854	4,937
		250,655	162,125
Net current assets		28,391	78,074
Total assets less current liabilities		289,688	222,746

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		8,843	10,236
Contract liabilities		90,835	47,595
Bank borrowings		18,756	19,711
Deferred tax liabilities		6,643	1,028
		<u>125,077</u>	<u>78,570</u>
Net assets		<u>164,611</u>	<u>144,176</u>
Capital and reserves			
Share capital	11	10,117	10,049
Reserves		149,903	129,809
		<u>160,020</u>	<u>139,858</u>
Equity attributable to owners of the Company		160,020	139,858
Non-controlling interests		4,591	4,318
		<u>164,611</u>	<u>144,176</u>
Total equity		<u>164,611</u>	<u>144,176</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For FY2022

1. GENERAL

Edvance International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Its ultimate and immediate holding company is Success Vision International Group Limited, which was incorporated in the British Virgin Islands.

The address of the registered office and principal place of business of the Company are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and 20th Floor, 8 Wyndham Street, Central, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the “**Group**”) has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

2.1 *Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”*

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures” (“**HKFRS 7**”).

As at 1 April 2021, the Group has several bank borrowings with carrying amount of approximately HK\$20,949,000, the interests of which was indexed to Singapore Interbank Offered Rate (“**SIBOR**”) that will or may be subject to interest rate benchmark reform. During the year, such bank borrowings have been transitioned to the relevant alternative benchmark rates. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

2.2 *Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 “Inventories”)*

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee’s agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 “Reference to the Conceptual Framework”

The amendments:

- update a reference in HKFRS 3 “Business Combinations” so that it refers to the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “**Conceptual Framework**”) instead of “Framework for the Preparation and Presentation of Financial Statements” (replaced by the “Conceptual Framework for Financial Reporting 2010” issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to approximately HK\$15,166,000 and HK\$15,698,000, respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. REVENUE

Revenue represents the fair value of amounts received and receivable for goods sold and services provided by the Group to outside customers, less discounts and sales related taxes for the year.

Revenue from goods and services

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Types of goods or services:		
Cybersecurity products business*		
– procurement of network security products, system security products and application and data security products	<u>295,207</u>	<u>219,228</u>
Cybersecurity services business*		
– provision of technical implementation services	<u>39,320</u>	34,489
– provision of maintenance and support services	<u>190,766</u>	<u>156,683</u>
	<u>230,086</u>	<u>191,172</u>
Financial services and investment business*		
– provision of financial services	<u>90</u>	<u>105</u>
	<u><u>525,383</u></u>	<u><u>410,505</u></u>

* The segment names are defined in the section “Segment information” in note 4.

4. 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 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 reportable segment revenue and segment results is as below:

	Cybersecurity products business HK\$'000	Cybersecurity services business HK\$'000	Financial services and investment business HK\$'000	Total HK\$'000
For the year ended 31 March 2022				
Segment revenue	<u>295,207</u>	<u>230,086</u>	<u>90</u>	<u>525,383</u>
Segment results	<u>55,815</u>	<u>72,057</u>	<u>3,476</u>	131,348
Other income				1,010
Unallocated other gains and losses, net				3,201
Unallocated distribution and selling expenses				(37,409)
Unallocated administrative and other expenses				(71,924)
Impairment losses recognised on loan receivable				(125)
Finance costs				<u>(1,965)</u>
Profit before taxation				<u>24,136</u>
	Cybersecurity products business HK\$'000	Cybersecurity services business HK\$'000	Financial services and investment business HK\$'000	Total HK\$'000
For the year ended 31 March 2021				
Segment revenue	<u>219,228</u>	<u>191,172</u>	<u>105</u>	<u>410,505</u>
Segment results	<u>63,446</u>	<u>60,427</u>	<u>(1,454)</u>	122,419
Other income				886
Unallocated other gains and losses, net				(215)
Unallocated distribution and selling expenses				(26,985)
Unallocated administrative and other expenses				(51,276)
Impairment losses recognised on loan receivable				(300)
Finance costs				<u>(1,347)</u>
Profit before taxation				<u>43,182</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by/loss from each segment without allocation of other income, certain other gains and losses, net, certain distribution and selling expenses, certain administrative and other expenses, impairment losses recognised on loan receivable, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	6,699	9,441
PRC Enterprise Income Tax (“EIT”)	167	–
Macau Complementary Tax	–	269
	<u>6,866</u>	<u>9,710</u>
Overprovision in respect of prior year:		
Hong Kong Profits Tax	(207)	(75)
Deferred tax credit	<u>(3,585)</u>	<u>(710)</u>
	<u><u>3,074</u></u>	<u><u>8,925</u></u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 31 March 2022. No provision of PRC EIT was made for the year ended 31 March 2021 as the subsidiaries in the PRC have incurred tax losses.

The Singapore Income Tax is determined by applying the Singapore tax rate of 17%. No provision of Singapore Income Tax was made as the subsidiaries in Singapore have incurred tax losses for both years.

No provision of Macau Complementary Tax was made for the year ended 31 March 2022 as the subsidiary in Macau has incurred tax losses. Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the year ended 31 March 2021.

6. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Staff costs*:		
Directors' remuneration	13,380	11,501
Other staff:		
Other staff costs	75,802	52,775
Equity-settled share-based expense	4,850	2,093
Contributions to retirement benefits schemes	3,772	2,596
	<u>97,804</u>	<u>68,965</u>
Auditor's remuneration	1,678	1,440
Cost of inventories recognised as an expense (including the allowance for inventories of approximately HK\$1,794,000 (2021: HK\$2,338,000))	239,345	155,665
Depreciation of right-of-use assets	7,823	6,757
Depreciation of other property and equipment	7,220	4,694
Depreciation of property and equipment	<u>15,043</u>	<u>11,451</u>
Amortisation of intangible assets	385	–
Net impairment losses on trade receivables	47	117
Net impairment losses on contract assets	13	20
Impairment losses on loan receivable	125	300
Net impairment losses under ECL model	<u>185</u>	<u>437</u>

* For the year ended 31 March 2021, COVID-19 related government grants/assistance amounted to approximately HK\$4,562,000 have been offset against other staff costs.

7. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<u>22,789</u>	<u>34,739</u>
	2022 <i>Number of shares '000</i>	2021 <i>Number of shares '000</i>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>1,005,985</u>	<u>1,003,345</u>

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 were higher than the average market price of the Company's shares for both years.

8. FINANCIAL ASSETS AT FVTPL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed equity investments in Hong Kong and the United States	263	13,021
Unlisted fund investment	4,143	–
Unlisted preference shares of Tykhe Capital Group Limited (“Tykhe”)	37,854	23,264
	42,260	36,285
Analysed for reporting purposes as:		
Non-current assets	37,854	23,264
Current assets	4,406	13,021
	42,260	36,285

During the year ended 31 March 2022 and 2021, the Group has invested in several listed equity investments in Hong Kong and the United States. Such investments are classified as financial assets at FVTPL. The fair value is measured at level 1 which is based on quoted bid prices in an active market.

During the year ended 31 March 2022, the Group has invested in an unlisted fund investment. Such investment is classified as financial assets at FVTPL. The fair value is measured at level 2 based on the fair value of the underlying assets and liabilities of the fund. The major assets of the fund are digital assets which the fair value is measured based on the quoted bid prices in an active market.

During the year ended 31 March 2021, the Group has also completed the subscription of the United States Dollar (“USD”) 3 million of share capital of series A2 preference shares of Tykhe. The fair value is measured at level 3 (2021: level 2) based on equity value based on backsolve method with reference to recent market transaction price allocated to series A2 preference shares with weighted probability rate of 50% and 50%, respectively under liquidation scenario and qualified IPO scenario (2021: recent market transaction price). The investment is classified as financial assets at FVTPL. During the year ended 31 March 2022, fair value gain of approximately HK\$14,590,000 has been recognised for the investment in Tykhe.

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Trade receivables	99,363	68,528
Less: allowance for credit losses	(847)	(800)
	<u>98,516</u>	<u>67,728</u>
Prepayment to suppliers for maintenance and support services	94,001	69,264
Receivables with broker's house and custodian	1,312	53
Other tax receivables	526	377
Prepayment and others	5,653	1,733
	<u>200,008</u>	<u>139,155</u>
Non-current		
Rental deposits	4,402	3,494
Deposits for life insurance contracts	13,837	13,517
Prepayment of life insurance charged	371	413
Prepayment to suppliers for maintenance and support services	70,970	33,716
	<u>89,580</u>	<u>51,140</u>
Total trade and other receivables, prepayments and deposits	<u><u>289,588</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 the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	59,482	38,519
31 to 60 days	26,742	16,713
61 to 90 days	7,929	4,095
91 to 120 days	3,354	4,199
121 to 365 days	1,009	4,202
	<u>98,516</u>	<u>67,728</u>

10. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	53,077	29,329
Accrued expense	7,198	3,133
Accrued staff costs	8,575	7,035
Others	1,867	433
	<u>70,717</u>	<u>39,930</u>

The credit period ranges from 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	52,880	24,394
31 to 60 days	–	4,830
61 to 90 days	197	90
91 to 120 days	–	4
121 to 365 days	–	11
	<u>53,077</u>	<u>29,329</u>

11. 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, 31 March 2021 and 31 March 2022	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 April 2020	1,001,446,000	10,014
Issue of shares under share award scheme (<i>note (i)</i>)	<u>3,500,000</u>	<u>35</u>
At 31 March 2021	<u>1,004,946,000</u>	<u>10,049</u>
Issue of shares upon exercise of share options (<i>note (ii)</i>)	1,900,000	19
Issue of shares under share award scheme (<i>note (iii)</i>)	<u>4,820,000</u>	<u>49</u>
At 31 March 2022	<u>1,011,666,000</u>	<u>10,117</u>

Notes:

- (i) On 15 September 2020, 3,500,000 new ordinary shares of the Company were issued to four eligible employees under share award scheme at no consideration. The aggregate value of the share awards was approximately HK\$2,030,000 based on the closing share price of the Company as at 3 September 2020 of HK\$0.58 each. The aggregate par value of the respective shares was approximately HK\$35,000. The difference of approximately HK\$1,995,000 between the aggregate share awards value and the aggregate par value of the shares have been credited to share premium.
- (ii) During the year ended 31 March 2022, a total of 1,900,000 new ordinary shares of HK\$0.01 each were issued upon exercise of the share options of the Company. The aggregate value of the shares issued upon exercise of share options was approximately HK\$1,235,000 based on the share option exercise price on exercise date. The aggregate par value of the respective shares was approximately HK\$19,000. The difference of approximately HK\$1,216,000 between the aggregate share value and the aggregate par value of the shares have been credited to share premium.
- (iii) On 31 March 2022, 4,820,000 new ordinary shares of the Company were issued to three professional advisers and one eligible employee of the Group under share award scheme at no consideration. The aggregate value of the share awards was approximately HK\$3,471,000 based on the closing share price of the Company as at 16 February 2022 of HK\$0.72 each. The par value of the respective shares was approximately HK\$49,000. The difference of approximately HK\$3,422,000 between the aggregate share awards value and the aggregate par value of the shares have been credited to share premium.

All issued shares of the Company rank *pari passu* in all respects with each other.

12. DIVIDEND

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period.

A final dividend of HK\$0.01 per share with aggregate amount of approximately HK\$10,049,000 of the Company in respect of the year ended 31 March 2021 has been declared and paid by the Company during the year ended 31 March 2022.

A final dividend of HK\$0.01 per share with aggregate amount of approximately HK\$10,015,000 of the Company in respect of the year ended 31 March 2020 has been declared and paid by the Company during the year ended 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Strong performance of cybersecurity products and services businesses

The cybersecurity products and services businesses performed strongly with revenue growth of approximately 28.0% as compared to financial year ended 31 March 2021 (“FY2021”) despite a backdrop of COVID-19 related social and travel restrictions and disruptions. The Group continues to see robust demand for our cybersecurity solutions, especially in the enterprise and government sectors. The Group’s value added distributor approach meant we are able to maintain a healthy gross profit margin as our customers saw the Group’s cybersecurity services business as an important component of ensuring their investments in cybersecurity solutions were protected through timely implementation and proper maintenance. This is reflected in the increased service delivery rate from cybersecurity services business, conducted under ESH (Hong Kong) Limited, which underpins the high client stickiness and low churn rate of our client.

The Group’s future success will continue to depend on our ability to attract and retain talent and expertise to service customers. In the financial year ended 31 March 2022 (“FY2022”), the Group incurred higher operating expenses especially in salaries and distribution and selling expense to ensure employee remuneration to remain competitive in a market where there is a shortage of IT professionals, especially in the cybersecurity field. We are proud of our staff who are committed and worked professionally throughout such challenging and disruptive year, and assisted the customers to complete several important cybersecurity implementation projects. The Group also expanded our cybersecurity solutions catalogue by working with globally renowned providers, and solidify offerings across seven focused areas, namely: (i) application monitoring, (ii) cyber threat security, (iii) data protection, (iv) DevSecOps/cloud security, (v) infrastructure & monitoring, (vi) network security, and (vii) security operations and orchestration.

The pace of digitalisation was accelerated by the COVID-19 pandemic which caused a profound impact on all business operations. We felt the demand from customers looking for more comprehensive cybersecurity solutions in response to the numerous cyber threats driven by the change in how we work. On the other hand, the COVID-19 pandemic outbreak also led to social and commercial activities lockdown in Hong Kong, the Group took timely precautions to protect our employees while managed to maintain normal business operations under remote working environment.

At the same time, our Green Radar branded in-house email security solution, has made tremendous progress into the email protection market during FY2022. The Company tripled the number of mailboxes protected and won contracts from several well-known brands and multinational conglomerates. This was made possible by securing distribution partnerships with three major telecommunication companies and a focus on enhancing our product offerings. The Group invested substantially in infrastructure capacity and entered into sale and purchase agreements to purchase Maldun Network Limited, a technology service provider, and Silverstone Network Limited and its subsidiaries, an IT security solution provider, respectively. These acquisitions will greatly enhance the Group’s competitiveness and fuel the email security business with powerful security management and flexible security control at the network gateway for all emails.

Significant milestone for Financial Services and Investment businesses

In January 2022, Axion Global Asset Management Limited (“AGAM”), an indirect non-wholly-owned subsidiary of the Group, was granted the approval from the Securities and Futures Commission of Hong Kong (“SFC”) to manage virtual assets. As one of the first asset managers to receive such grant of approval in the industry, the flagship “Smart Beta Fund”, a risk-adjusted fund by tracking the ten most highly valued qualified cryptocurrencies was launched in FY2022.

In addition, the Group’s long-term investment in the holding company of Hong Kong Digital Asset EX Limited (“HKbitEX”), which contributed fair value gain of approximately HK\$14.6 million to the Group’s profit in FY2022, as part of the Group’s strategic investment to elevate our role in the digital asset market and accelerate the business growth. Although the recent volatility have dampened the sentiment in the cryptocurrency market, the Group remains optimistic about the outlook as digital asset and blockchain adoption continues to progress at a substantial pace. The Group believes that with greater clarity in regulation and higher level of participation from institutions and entrants, we are well-positioned to capture the opportunity growth ahead.

BUSINESS OUTLOOK

There is a broad consensus that online technology has gained even more prominence after the COVID-19 pandemic for businesses and customers. The increased usage and adoption of connected and cloud-based technologies and experiences have given rise to new challenges for companies to protect their critical business processes and customer data from cyber threats. Governments around the world, including the government of Hong Kong, have introduced active measures requiring companies to strengthen cyber and data security. We believe that our cybersecurity solution that are able to help protect our customers effectively with cost effective outlays.

The Group is well underway to align and augment our new sales approach to a recurring revenue model by increasing the proportion of subscription-based cybersecurity services in future. The Group expects the recurring revenue of the subscription-based model will provide us with a more sustainable income stream and a better way for customers to acquire the cybersecurity protections they need.

For the Green Radar business, which offers a subscription-based model, the Company is actively seeking to expand its service offerings beyond email protection to broaden the “security-as-a-service” approach. We believe this will help us capture greater “security-as-a-service” adoption especially in the small and mid-sized business segment.

Although the Group expects the macro economic and geopolitical uncertainty to continue in the financial year ending 31 March 2023, we are still committed to invest in our people, our products and businesses for the long term. Therefore, the Group expects the operating costs to remain elevated as compared to prior years, especially in salaries costs, and research and development efforts. However, the Group firmly believes that these investments will pay off for a more efficient and scalable business in the long term.

The Group expects a similar outlook for financial services and investment business. Although the digital asset management business has just commenced during the end of FY2022, the Group believes that we are well positioned as a regulated virtual asset manager, to help qualified investors to invest safely and securely in the growing digital asset sector. Many family offices and high-net-worth investors are already or are on the cusp of investing into cryptocurrencies through a regulated investment vehicle. This is an important milestone to help our Group realise the goal of becoming one of the leading digital asset managers in Asia. Together with other innovation projects that are under development, we firmly believe that the financial service and investment business will be a significant catalyst to our Group's growth, which will contribute to greater returns to our shareholders.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$114.9 million, or approximately 28.0% from approximately HK\$410.5 million for FY2021 to approximately HK\$525.4 million for FY2022. The increase was mainly attributable to the core cybersecurity products and cybersecurity services businesses due to the continuous strong demand of cybersecurity products and cybersecurity services.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$4.4 million, or approximately 3.5% from approximately HK\$124.0 million for FY2021 to approximately HK\$128.4 million for FY2022. Our gross profit margin decreased from approximately 30.2% for FY2021 to approximately 24.4% for FY2022. The increase in gross profit compared with FY2021 was due to the continuous growth of revenue from cybersecurity products and cybersecurity services businesses. The lowered gross profit margin compared with FY2021 was mainly due to the product mix in cybersecurity products segment which generated comparatively lower gross profit margin in FY2022.

Other income

Our other income mainly comprises bank interest income and interest income from rental deposits, loan receivable and deposits for life insurance contracts that we purchased for certain directors of the Company and senior management of the Group.

Other gains and losses, net

Other gains and losses, net for FY2022, mainly represented the fair value gain on financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$14.6 million and net gain on disposal of property and equipment of approximately HK\$2.6 million. Such significant fair value gain on financial assets at FVTPL was mainly contributed from the unlisted investment of the holding company of HKbitEX of approximately HK\$14.6 million in FY2022.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately HK\$11.4 million, or approximately 41.0% from approximately HK\$27.7 million for FY2021 to approximately HK\$39.0 million for FY2022. The increase was mainly due to the increase in staff costs to cope with the expansion of the Group's businesses.

Administrative and other expenses

Our administrative and other expenses increased by approximately HK\$28.5 million, or approximately 53.4% from approximately HK\$53.4 million for FY2021 from approximately HK\$81.9 million for FY2022.

To cope with the continuous expansion of the Group and the demand of our cybersecurity products, the administrative and general operation overheads increased in FY2022 mainly due to the increase in (i) administrative staff costs of approximately HK\$15.7 million; (ii) legal and professional fees of approximately HK\$3.2 million; and (iii) general operating costs of approximately HK\$9.6 million.

Finance costs

Our finance costs increased by approximately HK\$0.6 million, or approximately 45.9% from approximately HK\$1.4 million for FY2021 to approximately HK\$2.0 million for FY2022, such increase was mainly due to increase in bank borrowings.

Taxation

Our taxation decreased by approximately HK\$5.9 million, or approximately 65.6% from approximately HK\$8.9 million for FY2021 to approximately HK\$3.1 million for FY2022, such decrease was mainly due to the combined effects of (i) the decrease of taxation in FY2022 of approximately HK\$3.0 million as a result of decrease in taxable profits incurred and (ii) the increase in recognition of tax losses as deferred tax assets of approximately HK\$2.9 million.

Profit for the year attributable to owners of the Company

The profit attributable to owners of the Company for FY2022 was approximately HK\$22.8 million, which decreased by approximately HK\$12.0 million or approximately 34.4% from approximately HK\$34.7 million for FY2021, such decrease was mainly due to the increase in operation expenses incurred to cope with the Group's business expansions which was partial offset by the fair value gain on the financial assets at FVTPL as mentioned above.

Cash flow

The net cash generated from operating activities decreased by approximately HK\$15.0 million from approximately HK\$34.9 million in FY2021 to approximately HK\$20.0 million in FY2022, representing a decrease of approximately 42.9%. The decrease in cash generated from operating activities was mainly attributable to the decrease in operating profit in FY2022.

Dividend

In view of the impact of the ongoing COVID-19 pandemic on the global economy, the recent uncertainties in the market and the importance of maintaining sufficient liquidity for the Group's long-term development, the Board recommended not to pay a final dividend for FY2022.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

We financed our operation mainly through cash generated from our operating activities and bank borrowings. As at 31 March 2022 and 2021, we had cash and cash equivalents of approximately HK\$49.1 million and HK\$73.4 million, respectively. The Group's gearing ratio was approximately 43.4% and 28.1% as at 31 March 2022 and 2021, respectively.

CAPITAL STRUCTURE

As at 31 March 2022, the capital structure of the Company comprised issued share capital and reserves.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no significant capital commitment in respect of property and equipment contracted but not provided for (31 March 2021: HK\$25.3 million).

SEGMENT INFORMATION

An analysis of the Group's revenue from reportable segment is set out in note 4 of the consolidated financial information in this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group does not have plans for material investments and capital assets as at 31 March 2022.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, the financial assets at FVTPL of the Group amounted to approximately HK\$42.3 million (31 March 2021: HK\$36.3 million), including (a) unlisted investment of approximately HK\$37.9 million (31 March 2021: HK\$23.3 million), (b) equity securities of approximately HK\$0.3 million (31 March 2021: HK\$13.0 million) and (c) unlisted fund investment of approximately HK\$4.1 million (31 March 2021: Nil).

The Directors considered that (i) investments with a carrying amount that account for more than 5% of the Group's audited total assets as at 31 March 2022; or (ii) investments which recorded realised or unrealised gain/(loss) of over HK\$5 million during FY2022 as significant investments.

Description of investments	Notes	Carrying	Acquisition	Fair value	Carrying	Percentage
		amount	and	gain or	amount	to the
		as at	disposal, net	recognised	as at	Group's
		1 April	during	and loss, net	31 March	audited
		2021	the year	during	2022	total assets
		HK\$'000	HK\$'000	the year	HK\$'000	as at
				HK\$'000		31 March
						2022
Financial assets at FVTPL						
Unlisted investment, at fair value						
– investment in the holding						
company of HKbitEX	(a)	23,264	–	14,590	37,854	7.01%
Equity securities listed in Hong						
Kong and the United States	(b)	13,021	(12,580)	(178)	263	0.05%
Unlisted fund investment		–	3,923	220	4,143	0.76%
Total		<u>36,285</u>	<u>(8,657)</u>	<u>14,632</u>	<u>42,260</u>	<u>7.82%</u>

Notes:

- (a) This unlisted investment, represented approximately 6% of issued shares (on an as-converted basis) of the Tykhe Capital Group Limited (“**Tykhe**”), subsequently, in July 2021, Tykhe completed a subscription agreement with several investments with respect to issuance of Pre-Series B Preference Shares of Tykhe and our shares represented approximately 5.82% of issued shares (on a converted basis) of Tykhe. Such unlisted investment 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 31 March 2022, the fair value of this unlisted investment was approximately HK\$37.9 million based on the valuation report prepared by a professional valuer.

- (b) As at 31 March 2022, the Group's held only one equity security listed in Hong Kong. Such investments had a carrying amount that account for less than 5% of the Group's audited total assets as at 31 March 2022 and there was no investment which recorded realised or unrealised gain/(loss) of over HK\$5 million during FY2022.

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

On 29 October 2021, Axion Global Digits Technology Group Limited (“**AGDT**”), a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement, as a purchaser with Mr. Pang Yu Kei Ivan (“**Silverstone Vendor**”), an independent third party of the Group, as a vendor, pursuant to which AGDT had agreed to purchase one share of Silverstone Network Limited (“**Silverstone Share**”), representing all issued shares of Silverstone Network Limited and its subsidiaries (collectively as “**Silverstone Group**”) and the Silverstone Vendor had agreed to sell the Silverstone Share at the consideration of HK\$5,000,000. The Silverstone Group is engaged in the provision of IT security solution. Completion took place on 29 October 2021 and the Silverstone Group became wholly-owned subsidiaries of the Company.

On 21 January 2022, AGDT, entered into the sale and purchase agreement, as purchaser, with Mr. Ding Binxing (“**Maldun HK Vendor**”), an independent third party of the Group, as a vendor, pursuant to which AGDT had agreed to purchase all issued shares, (“**Maldun HK Shares**”) of Maldun Network Limited (“**Maldun HK**”) and the Maldun HK Vendor had agreed to sell the Maldun HK Shares at the consideration of HK\$24,000,000. Maldun HK is engaged in provision of technology service. Completion had been taken place on 18 February 2022 and Maldun HK became a wholly-owned subsidiary of the Group.

The acquisition of Silverstone Group and Maldun HK would enhance the further development of the Group’s cybersecurity services business, especially on the Group’s proprietary artificial intelligence engine and adaptive infrastructure. We hope to increase our market share and enhance our competitiveness in grMail under Green Radar, the cloud-based email security platform.

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

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no material contingent liabilities (as at 31 March 2021: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's purchase are primarily denominated and settled in United States 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.

CHARGE ON GROUP'S ASSETS

As at 31 March 2022, 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 31 March 2022, the Group had 132 employees (as at 31 March 2021: 128 employees) and most of them were working in the Hong Kong office. We incurred staff costs inclusive of performance related bonus, share based payments and directors' emoluments of approximately HK\$97.8 million and HK\$69.0 million for FY2022 and FY2021, 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 the share option scheme and share award scheme, which are designed to provide incentives and rewards to the Group's employees.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board 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 (the "**Code Provisions**") within the then prevailing Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 of the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

In the opinion of the Directors, save for the deviation of code provision A.2.1 of the CG Code (as disclosed in the paragraph headed "Chairman and Chief Executive Officer" Below), the Company has complied with the Code Provisions as set out in the CG Code during FY2022 to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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. Liu Yui Ting Raymond ("**Mr. Raymond Liu**") is the chairman ("**Chairman**") and the Chief Executive Officer ("**Chief Executive Officer**") of the Company during FY2022, it constituted a deviation from code provision A.2.1 of the CG Code.

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors (“**Model Code**”). Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code for FY2022 and up to the date of this announcement.

In addition, the Company has also adopted provisions of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company. Such relevant employees did and would abide by the provisions of the Model Code. Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company (“**Inside Information Policy**”).

No incident of non-compliance of the Model Code and/or the Inside Information Policy by such relevant employees was noted by the Company for FY2022 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during FY2022 and up to the date of this announcement.

COMPETING INTERESTS

During FY2022 and up to the date of this announcement, the following then 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 was therefore capable of carrying on its businesses independently, in addition, such director had resigned on 31 May 2021.

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 and up to the date of this announcement.

FINAL DIVIDEND

The Board recommended not to declare a final dividend for FY2022, in order to maintaining sufficient liquidity for the Group's long-term development, in light of the ongoing of COVID-19 pandemic outbreak globally and market turbulences (FY2021: HK\$0.01 per share).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2022 annual general meeting ("AGM") will be held on Tuesday, 9 August 2022. The register of members of the Company will be closed from Wednesday, 3 August 2022 to Tuesday, 9 August 2022, both dates inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the 2022 AGM. In order to be eligible to attend and to vote at the 2022 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 2 August 2022.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 11 to the consolidated financial information of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient prescribed public float of 25% the total number of issued shares pursuant to Rule 13.35 of the Listing Rules.

AUDIT COMMITTEE

The Company established the audit committee of the Company ("**Audit Committee**") on 23 March 2017 with written terms of reference, which was aligned with the CG Code. A revised term of reference has been adopted on 20 December 2019 to incorporate amendments to the Listing Rules. The revised terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee currently consists of three (3) independent non-executive Directors, namely Mr. Chan Siu Ming Simon, Mr. Ng Tsz Fung Jimmy and Mr. Yu Kwok Chun Raymond. Mr. Ng Tsz Fung Jimmy currently serves as the chairman of the Audit Committee, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The annual results of the Company for FY2022 have been audited. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2022 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2022 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 22 June 2022. The work performed by Deloitte in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte in this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website at www.edvanceintl.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company containing all the information required by Appendix 16 of the Listing Rules will be published on the aforesaid websites of the Company and the Stock Exchange and will be despatched to the Company's shareholders in due course in accordance with the Listing Rules.

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

Hong Kong, 22 June 2022

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.