

Edvance International (1410.HK) Investment Highlights

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Provided by PRise Limited

Edvance International Achieves Record Revenue of HK\$577 Million in FY2023 Annual Results

- Edvance International, a technology and investment holdings company in Hong Kong, announced its annual results for the year ended 31 March 2023. During the Year, the Group recorded a total revenue of HK\$577.5 million, up 9.9% year-on-year. Gross profit increased by 6.9% to approximately HK\$137.3 million.
- The Group recorded a loss attributable to owners of the Company of approximately HK\$27.5 million (FY2022: net profit of approximately HK\$22.8 million) because of the fair value loss on FVTPL of approximately HK\$24.8 million in relation to the unlisted investment of the holding company of HKbitEX and an increase in administrative expenses.
- For illustration purpose, after excluding (i) the impact of the fair value changes on financial assets at fair value through profit or loss, (ii) one-off impacts of impairment of intangible assets, and property and equipment and net gain on disposal of property and equipment in FY2023, the Group recorded a net profit of approximately HK\$4.7 million during the Year.

Robust market demand fuels record-breaking revenue in the cybersecurity business

- As the market landscape for cybersecurity is evolving rapidly, the Company is committed to providing relevant products and services that meet the clients' changing needs. The Group expanded its offerings to more Chinese branded products such as Tianji Partners, Sangfor, and Venustech in response to the growing demand for mainland cybersecurity products, primarily driven by their localised features and competitive pricing. At the same time, the increased adoption of cloud-based security solutions has become a key driver and has helped the shift of the Group's cybersecurity services business to a recurring revenue model and to reflect its expertise and know-how in project implement and servicing.
- In addition, the Green Radar business recorded strong year-on-year revenue growth. Its established channel partners network in Hong Kong has helped to shorten the sales cycle and facilitated its clients to adopt grMail, the flagship product in the Green Radar suite of solutions. Green Radar's newly launched cybersecurity awareness assessment and training service, grAssessment, has been positively received by enterprises and has quickly become a significant revenue contributor to the Green Radar business.

New regulations unleashing opportunities for the digital assets services business

- With the rollout of the Virtual Asset Service Provider licensing regime and initiatives by the government for Hong Kong to become a leading global digital asset hub, the Group believes its subsidiary, Axion Global Asset Management Limited ("AGAM"), a licensed digital asset management company, would benefit significantly from increased investor confidence and market interests in digital assets. The Group is developing its portfolio management systems and establishing distribution partnerships to help investors to access this emerging asset class.

Edvance International (1410.HK) — Investment Highlights (cont'd)

Enter into MOU to form a Strategic Partnership with Victory Securities

- On 12 June 2023, AGAM and Victory Securities Company Limited entered into a Memorandum of Understanding (“MOU”) to form a strategic partnership. The partnership aims to jointly develop and promote virtual asset investment products in Hong Kong. Both companies will actively explore the potential opportunity of offering virtual asset management services by integrating their respective brokerage and asset management platforms for professional investors who are interested in investing in virtual assets.
- In addition, the companies will initiate investor education and research efforts to provide more information and insights on the potential risks and rewards of investing in this dynamic asset class. The partnership demonstrates both companies’ commitment to fostering the development of the virtual asset industry and reasserting Hong Kong as a global financial hub for investments and innovation.

Strong sales pipeline for cybersecurity businesses, while digital assets services and investment business is taking shape

- Although the Group expects a very dynamic macro environment in the coming year, its strong sales pipeline still reflects a robust demand for cybersecurity products and services, suggesting that guarding against cyber threats remains mission critical and top of mind for enterprises.
- On the digital asset front, the Group believes the enhanced regulatory environment would benefit AGAM and other ecosystem players, and set the stage for the broader digital asset adoption.

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