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# CORPORATE INFORMATION

## BOARD OF DIRECTORS Executive Directors

Mr. Liu Yui Ting Raymond

*(Chairman and Chief Executive Officer)*

Mr. Lee Francis Sung Kei

Mr. Von John

Mr. Lam Tak Ling

## Non-executive Director

Mr. Lo Wai Ho Ashley

## Independent non-executive Directors

Mr. Ng Tsz Fung Jimmy

Mr. Chan Siu Ming Simon

Mrs. Wong Hung Flavia Yuen Yee

## COMMITTEES Audit Committee

Mr. Ng Tsz Fung Jimmy *(Chairman)*

Mr. Chan Siu Ming Simon

Mrs. Wong Hung Flavia Yuen Yee

## Remuneration Committee

Mrs. Wong Hung Flavia Yuen Yee *(Chairman)*

Mr. Liu Yui Ting Raymond

Mr. Chan Siu Ming Simon

Mr. Ng Tsz Fung Jimmy

## Nomination Committee

Mr. Chan Siu Ming Simon *(Chairman)*

Mr. Liu Yui Ting Raymond

Mr. Ng Tsz Fung Jimmy

Mrs. Wong Hung Flavia Yuen Yee

## Investment Committee

Mr. Liu Yui Ting Raymond *(Chairman)*

Mr. Lee Francis Sung Kei

Mr. Ng Tsz Fung Jimmy

## COMPLIANCE OFFICER

Mr. Von John

## COMPANY SECRETARY

Mr. Yuen Chun Fai *(HKICPA)*

## AUTHORISED REPRESENTATIVES

Mr. Von John

Mr. Yuen Chun Fai *(HKICPA)*

## AUDITORS

Deloitte Touche Tohmatsu

*Certified Public Accountants*

Registered Public Interest Entity Auditors

35/F., One Pacific Place

88 Queensway

Hong Kong

## LEGAL ADVISOR

Holman Fenwick Willan

15th Floor, Tower One, Lippo Centre

89 Queensway

Admiralty

Hong Kong

# CORPORATE INFORMATION (continued)

## PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited  
HSBC Building  
181 Queen's Road Central  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04  
33/F., Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

25th Floor, Tower 1  
The Millennity  
98 How Ming Street  
Kwun Tong, Kowloon  
Hong Kong

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## STOCK CODE

1410

## COMPANY'S WEBSITE

[www.edvanceintl.com](http://www.edvanceintl.com)

## FINANCIAL HIGHLIGHTS

Edvance International Holdings Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) recorded a revenue and gross profit of approximately HK\$290.7 million and approximately HK\$68.5 million respectively for the six months ended 30 September 2023 (“**FY2024 1H**”), representing a decrease of approximately 3.4% and approximately 5.4% respectively, when compared with the revenue and gross profit of approximately HK\$300.9 million and approximately HK\$72.4 million for the six months ended 30 September 2022 (“**FY2023 1H**”).

The net loss after tax attributable to owners of the Company (“**Net Loss**”) for FY2024 1H decreased to approximately HK\$6.6 million (FY2023 1H: Net Loss of HK\$18.3 million), representing a significant decrease of approximately 64.1% as compared to FY2023 1H.

The board (“**Board**”) of directors of the Company (“**Director(s)**”) does not recommend the payment of dividend for FY2024 1H (FY2023 1H: Nil).

The Board announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023, together with the unaudited comparative figures for the corresponding period in 2022 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	290,659	300,886
Cost of sales or services		(222,151)	(228,472)
Gross profit		68,508	72,414
Other income		593	458
Other gains and losses, net	6	(294)	(24,977)
Distribution and selling expenses		(22,330)	(19,251)
Administrative and other expenses		(49,377)	(42,411)
Finance costs		(2,209)	(1,151)
Loss before taxation	7	(5,109)	(14,918)
Taxation	8	(1,698)	(3,809)
Loss for the period		(6,807)	(18,727)
Other comprehensive income for the period:			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of intangible assets		79	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		369	38
		448	38
Total comprehensive expense for the period		(6,359)	(18,689)
Loss for the period attributable to:			
Owners of the Company		(6,558)	(18,270)
Non-controlling interests		(249)	(457)
		(6,807)	(18,727)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(6,110)	(18,232)
Non-controlling interests		(249)	(457)
		(6,359)	(18,689)
Loss per share (HK cents)	9		
Basic and diluted		(0.65)	(1.81)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
<b>Non-current assets</b>			
Property and equipment	11	110,416	112,102
Goodwill		3,216	3,216
Intangible assets		36,043	37,736
Financial assets at fair value through profit or loss ("FVTPL")		12,764	13,073
Deferred tax assets		5,220	4,783
Prepayments and deposits	12	138,725	103,738
		<b>306,384</b>	274,648
<b>Current assets</b>			
Inventories		8,218	18,365
Loan receivable		4,522	4,351
Trade and other receivables, prepayments and deposits	12	352,631	274,486
Contract assets	13	8,198	8,186
Financial assets at FVTPL		1,521	1,504
Cash and cash equivalents		33,637	67,190
		<b>408,727</b>	374,082
<b>Current liabilities</b>			
Trade and other payables and accruals	14	120,309	99,741
Lease liabilities		11,341	11,327
Contract liabilities		217,410	176,217
Bank borrowings	15	25,245	54,244
Tax liabilities		6,865	7,779
		<b>381,170</b>	349,308
Net current assets		<b>27,557</b>	24,774
Total assets less current liabilities		<b>333,941</b>	299,422

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		27,762	33,572
Contract liabilities		152,157	104,718
Bank borrowings	15	16,904	17,974
Deferred tax liabilities		5,727	5,914
		<b>202,550</b>	162,178
Net assets		<b>131,391</b>	137,244
<b>Capital and reserves</b>			
Share capital	16	10,122	10,117
Reserves		118,180	123,789
Equity attributable to owners of the Company		<b>128,302</b>	133,906
Non-controlling interests		<b>3,089</b>	3,338
Total equity		<b>131,391</b>	137,244



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2023 (audited)	10,117	71,000	3,633	4,526	59	(320)	44,891	133,906	3,338	137,244
Loss for the period	-	-	-	-	-	-	(6,558)	(6,558)	(249)	(6,807)
Other comprehensive income for the period	-	-	-	-	79	369	-	448	-	448
Total comprehensive income (expenses) for the period	-	-	-	-	79	369	(6,558)	(6,110)	(249)	(6,359)
Issue of share upon exercise of share options	5	330	-	-	-	-	-	335	-	335
Disposal of intangible assets	-	-	-	-	(61)	-	61	-	-	-
Transfer to accumulated profit upon forfeiture of share options	-	-	-	(363)	-	-	363	-	-	-
Recognition of share options granted	-	-	-	171	-	-	-	171	-	171
At 30 September 2023 (unaudited)	10,122	71,330	3,633	4,334	77	49	38,757	128,302	3,089	131,391
At 1 April 2022 (audited)	10,117	70,942	3,633	4,261	-	(590)	71,657	160,020	4,591	164,611
Loss for the period	-	-	-	-	-	-	(18,270)	(18,270)	(457)	(18,727)
Other comprehensive income for the period	-	-	-	-	-	38	-	38	-	38
Total comprehensive income (expenses) for the period	-	-	-	-	-	38	(18,270)	(18,232)	(457)	(18,689)
Issue of share upon exercise of share options	-	59	-	(18)	-	-	-	41	-	41
Transfer to accumulated profit upon forfeiture of share options	-	-	-	(407)	-	-	407	-	-	-
Recognition of share options granted	-	-	-	289	-	-	-	289	-	289
At 30 September 2022 (unaudited)	10,117	71,001	3,633	4,125	-	(552)	53,794	142,118	4,134	146,252

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash generated (used in) from operations	12,634	(15,053)
Income tax paid	(3,236)	–
Net cash generated (used) from operating activities	9,398	(15,053)
Net cash used in investing activities:		
Purchase of property and equipment	(6,071)	(1,084)
Other investing activities	455	181
	(5,616)	(903)
Net cash used in from financing activities:		
Bank borrowings raised	44,009	58,196
Repayment of bank borrowings	(73,497)	(55,876)
Payments of lease liabilities	(5,796)	(3,418)
Other financing activities	(1,874)	(1,109)
	(37,158)	(2,207)
Net decrease in cash and cash equivalents	(33,376)	(18,163)
Cash and cash equivalents at the beginning of the period	67,190	49,126
Effect of exchange rate changes	(177)	(466)
Cash and cash equivalents at the end of the period represented by bank balances and cash	33,637	30,497

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 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 digital assets 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 25th Floor, Tower 1, The Millennity, 98 How Ming Street, Kwun Tong, Kowloon, 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 Main Board of 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 2023 (“**2023 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 2023 Annual Financial Statements.

## 3. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared with the same accounting policies adopted in the 2023 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 2023. 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 2023 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 2023 Annual Financial Statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Income Taxes International Tax Reform – Pillar Two Model Rules

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

#### 3.1 *Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

##### Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities 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 taxable temporary differences.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### 3.1 *Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)*

##### Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 March 2023, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;
- (ii) the Group also, as at 1 April 2022, recognised 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 difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets and deferred tax liabilities with same amount of approximately HK\$2,590,000 as at 1 April 2022 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### 3.2 *Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform – Pillar Two model rules*

In July 2023, the HKICPA issued the amendments to HKAS 12 to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “**Pillar Two legislation**”). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group’s entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### 3.3 *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 March 2024.

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 in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 March 2024.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Types of goods or services:		
Cybersecurity products business*		
– procurement of network security products, system security products and application and data security products	<b>153,820</b>	178,430
Cybersecurity services business*		
– provision of technical implementation services	<b>14,606</b>	15,146
– provision of maintenance and support services	<b>122,193</b>	107,282
	<b>136,799</b>	122,428
Digital assets financial services and investment business*		
– provision of financial services	<b>40</b>	28
	<b>290,659</b>	300,886

\* The segment names are defined in the section "Segment information" in note 5.

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Timing of revenue recognition:		
Over time	<b>136,839</b>	122,456
A point in time	<b>153,820</b>	178,430
	<b>290,659</b>	300,886



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 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) Digital assets financial services and investment business refers to the provision of digital assets 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:

	<b>Six months ended 30 September 2023</b>			
	<b>Cybersecurity products business</b>	<b>Cybersecurity services business</b>	<b>Digital assets financial services and investment business</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Segment revenue	<b>153,820</b>	<b>136,799</b>	<b>40</b>	<b>290,659</b>
Segment results	<b>23,143</b>	<b>45,328</b>	<b>(3,760)</b>	<b>64,711</b>
Other income				<b>593</b>
Unallocated other gains and losses, net				<b>172</b>
Unallocated distribution and selling expenses				<b>(22,322)</b>
Unallocated administrative and other expenses				<b>(46,054)</b>
Finance costs				<b>(2,209)</b>
Loss before taxation				<b>(5,109)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION (continued)

### Segment revenue and results (continued)

	Six months ended 30 September 2022			
	Cybersecurity products business	Cybersecurity services business	Digital assets financial services and investment business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue	178,430	122,428	28	300,886
Segment results	30,518	41,866	(29,960)	42,424
Other income				458
Unallocated other gains and losses, net				364
Unallocated distribution and selling expenses				(18,914)
Unallocated administrative and other expenses				(38,099)
Finance costs				(1,151)
Loss before taxation				(14,918)

Segment result represents 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, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION (continued)

### Geographical information

The Group's operations are located in Hong Kong, Macau and the People's Republic of China ("PRC") (excluding Hong Kong and Macau) and Republic of Singapore ("Singapore"). Information about the Group's revenue is analysed by location of the customers.

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Geographical markets:		
Hong Kong	270,495	277,247
Macau	11,648	11,689
Mongolian People's Republic	5,118	5,355
The PRC (excluding Hong Kong and Macau)	2,801	6,026
Singapore	597	569
	290,659	300,886

## 6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net foreign exchange gain	230	364
Fair value loss on financial assets at FVTPL	(292)	(25,341)
Impairment loss on intangible assets	(232)	–
	(294)	(24,977)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 7. LOSS BEFORE TAXATION

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Loss before tax has been arrived at after charging:		
Staff costs:		
Directors' remuneration	<b>5,571</b>	4,590
Other staff costs	<b>43,997</b>	40,078
Contributions to retirement benefits schemes	<b>2,030</b>	2,015
Equity-settled share-based payments	<b>81</b>	289
	<b>51,679</b>	46,972
Auditor's remuneration	<b>900</b>	875
Cost of inventories recognised as an expense	<b>130,677</b>	147,912
Amortisation of intangible assets	<b>1,309</b>	1,172
Depreciation of right-of-use assets	<b>6,536</b>	3,415
Depreciation of other property and equipment	<b>4,164</b>	3,833
Depreciation of property and equipment	<b>10,700</b>	7,248

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 8. TAXATION

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	2,322	4,132
Deferred tax credit	(624)	(323)
	<b>1,698</b>	3,809

For the six months ended 30 September 2023 and 2022, 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%.

Under the Law (“**EIT Law**”) of the PRC on Enterprise Income Tax (“**EIT**”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2023 and 2022. No provision for PRC EIT has been made as the Group did not generate any assessable profits arising in the PRC during the six months ended 30 September 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 9. LOSS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<b>(6,558)</b>	(18,270)

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>Number of Shares</b>	Number of Shares
	<b>'000</b>	'000
	<b>(unaudited)</b>	(unaudited)
Weighted average number of ordinary share for the purpose of calculating basic loss per share	<b>1,012,088</b>	1,011,716

## 10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property and equipment of approximately HK\$9,071,000 (six months ended 30 September 2022: approximately HK\$1,083,000).

## 12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
<b>Current</b>		
Trade receivables	<b>186,109</b>	139,802
Less: allowance for credit losses	<b>(1,051)</b>	(1,051)
	<b>185,058</b>	138,751
Prepayments to suppliers for maintenance and support services	<b>163,447</b>	130,506
Receivables with broker's house and custodian	<b>443</b>	159
Other tax receivables	<b>626</b>	630
Prepayments and others	<b>3,057</b>	4,440
	<b>352,631</b>	274,486
<b>Non-current</b>		
Rental deposits	<b>3,920</b>	3,920
Deposit paid for acquisition of property and equipment	<b>–</b>	3,000
Deposits and prepayment for life insurance contracts	<b>14,648</b>	14,498
Prepayments to suppliers for maintenance and support services	<b>120,157</b>	82,320
	<b>138,725</b>	103,738
Total trade and other receivables, prepayments and deposits	<b>491,356</b>	378,224

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

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:

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
0 to 30 days	<b>143,378</b>	96,624
31 to 60 days	<b>20,446</b>	28,904
61 to 90 days	<b>8,014</b>	4,867
91 to 120 days	<b>6,818</b>	3,999
121 to 365 days	<b>6,402</b>	4,357
	<b>185,058</b>	138,751

## 13. CONTRACT ASSETS

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Contract assets from technical implementation services contracts	<b>8,257</b>	8,245
Less: allowance for credit losses	<b>(59)</b>	(59)
	<b>8,198</b>	8,186



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 14. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Trade payables	<b>101,532</b>	82,990
Accrued expense	<b>7,489</b>	6,217
Accrued staff costs	<b>9,272</b>	9,343
Others	<b>2,016</b>	1,191
	<b>120,309</b>	99,741

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

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
0 to 30 days	<b>97,994</b>	82,791
31 to 60 days	<b>3,538</b>	–
91 to 120 days	<b>–</b>	199
	<b>101,532</b>	82,990

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 15. BANK BORROWINGS

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Secured and guaranteed bank borrowings	<b>42,149</b>	72,218
The carrying amounts of the above bank borrowings are repayable:		
Within one year	<b>25,245</b>	43,175
More than one year but not exceeding two years	<b>1,126</b>	1,783
More than two years but not exceeding five years	<b>3,499</b>	5,645
More than five years	<b>12,279</b>	21,615
	<b>42,149</b>	72,218
Less: Amounts due within one year or contains a repayment on demand clause shown under current liabilities	<b>(25,245)</b>	(54,244)
Amounts shown under non-current liabilities	<b>16,904</b>	17,974

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

## 16. SHARE CAPITAL

Details of the shares of the Company are as follows:

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2022 (audited)	1,011,666,000	10,117
Issue of share upon exercise of share options	72,000	—*
At 30 September 2022 (unaudited) and 1 April 2023 (audited)	1,011,738,000	10,117
Issue of share upon exercise of share options	519,000	5
At 30 September 2023 (unaudited)	1,012,257,000	10,122

\* Amount less than HK\$1,000.

## 17. EVENT AFTER REPORTING PERIOD

On 17 November 2023, the Company had entered into a non-legally binding memorandum of understanding (“**MOU**”) with Zhengzhou Shenglianyi Network Technology Company Limited\* (鄭州盛聯易網絡科技有限公司) (“**Target Company**”) in relation to a proposed investment in the Target Company by way of subscription or acquisition of all or part of the shares of the Target Company.

The Target Company was currently an artificial intelligence (“**AI**”) company focusing on the construction and financial fields, and had an experienced AI development team that can handle various types of machine learning model, including deep learning model, natural language processing model and image recognition model.

Details of the MOU are set out in the announcement of the Company dated 17 November 2023.

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 30 September 2023 (“**FY2024 1H**”), revenue for Edvance International Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) reduced marginally by approximately 3.4% against the six month ended 30 September 2022 (“**FY2023 1H**”). Net Loss improved by approximately 64.1% due to the lapping effect of the fair value loss on investments recorded over the same period last year. The macro environment of higher interest rates and slow GDP growth in Hong Kong in the first two quarters of the year required the Group to take a more tempered approach to our investment outlook. Despite this, the Group remained committed to executing our corporate strategy and laser-focused on serving our clients with excellence.

### Cybersecurity product distribution and services

The Group continues to see strong demand in cybersecurity products and services business. During the FY2024 1H, client billings increased over the same period. The upsurge in enterprises upgrading their cybersecurity infrastructure to meet the demands of flexible working environment and persistent cyber threats will continue and those demands will remain the key drivers for cybersecurity solution upgrades. Recent high-profile cybersecurity incidents and data compromises remind us all that cybersecurity requires continuous focus and effort from IT professionals and business decision makers.

The Group is reaping the rewards of our investments in the services business over the past couple of years. We have solidified our position as a leading distributor of cybersecurity solutions and enabled us to help customers and partners implement large-scale solution deployments. The Group also began to see the benefits of expanding its product portfolio with China technologies. Our product mix is more diversified than ever to serve the market’s evolving needs.

Additionally, our customers increasingly demand cybersecurity solutions with a lower total cost of ownership and lower capital outlay. We have witnessed a shift in preference for businesses to adopt cybersecurity solutions via a cloud-based and subscription model. In this regard, the Group was well prepared for the change, as the majority of revenue is already earned on a subscription basis, which makes our business more robust and less prone to fluctuations in demand.

The Green Radar business continued to gain traction in the market. The number of emails protected by grMail email security solution more than doubled versus the same period last year. In addition, the team is actively expanding its footprint into the Association of South East Asian Nations (ASEAN) markets by building strategic alliances in each of the leading ASEAN markets locally. We are also very excited about Green Radar’s product expansion with the launch of the grKey solution. This cybersecurity-as-a-service allows businesses to protect and securely control access to core enterprise systems and resources. The Group anticipates the expanded product set and the value of our competitive cloud-based solutions will lead to greater adoption, especially in the mid-tier enterprise segment across the region.

### Digital assets financial services and investment

The digital asset market recovered somewhat from the lows in 2023. The Group saw increasing regulatory clarity and a growing community of technology and service providers in the market, which bodes well for the digital asset management business of the Group’s non-wholly owned subsidiary, Axion Global Asset Management Limited, a licensed digital asset management company. Together with our other investments in the digital asset domain, the Group continues to be patient and take a long-term view of the growth prospects.

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## OUTLOOK

We are optimistic about the business outlook for the Group. While headwinds persist in the short term, the longer-term trend of cybersecurity being a fast-growing industry remains firmly intact, supported by growing addressable markets in the Asia Pacific, the rapid adoption of cloud platforms and new cyber threats emanating from the use of emerging technologies such as AI. Safeguarding our customers against cyberattacks is at the core of the Group's mission.

The Group will continue to focus on executing our strategy of growing our subscription revenue model, providing cost-competitive solutions under the Green Radar brand, and improving internal efficiencies whilst attracting and retaining talent.

In closing, The Group would like to express gratitude to our staff, partners, customers, and shareholders for their continuous support. We look forward to another exciting year ahead.

## FINANCIAL REVIEW

### Revenue

The Group's revenue slightly decreased by approximately HK\$10.2 million, or approximately 3.4%, from approximately HK\$300.9 million for FY2023 1H to approximately HK\$290.7 million for FY2024 1H. During FY2024 1H, the demand for the Group's cybersecurity products and cybersecurity services continued to be strong, but the economy downturn in Hong Kong resulted as the slight decrease in revenue.

### Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$3.9 million, or approximately 5.4%, from approximately HK\$72.4 million in FY2023 1H to approximately HK\$68.5 million in FY2024 1H. The decrease in gross profit was in line with the decrease in revenue. The gross profit margin slightly decreased by approximately 0.5% to approximately 23.6% in FY2024 1H as compared to approximately 24.1% in FY2023 1H. The lowered gross profit margin compared with FY2023 1H was mainly due to the product mix in cybersecurity products segment which generated comparatively lower gross profit margin in FY2024 1H.

### Other gains and losses, net

The Group's other gains and losses, net decreased from net losses of approximately HK\$25.0 million for FY2023 1H to net losses of approximately HK\$0.3 million for FY2024 1H.

As there was no additional material fair value loss on the Group's unlisted investment of the holding company of Hong Kong Digital Asset Ex Limited ("HKbitEX") incurred in FY2024 1H (FY2023 1H: fair value loss on financial assets at fair value through profit or loss ("FVTPL") on this investment of approximately HK\$23.0 million), the fair value loss on financial assets at FVTPL was therefore decreased by approximately HK\$25.0 million for FY2024 1H as compared with the same corresponding period.

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## Distribution and selling expenses

The Group's distribution and selling expenses increased by approximately HK\$3.0 million, or approximately 16.0%, from approximately HK\$19.3 million in FY2023 1H to approximately HK\$22.3 million in FY2024 1H. Such increase was due to increase in marketing staff costs in FY2024 1H.

## Administrative and other expenses

To cope with the continuous expansion of the Group and the demand for our cybersecurity products, the administrative and general operation expenses increased by approximately HK\$7.0 million, or approximately 16.4% from approximately HK\$42.4 million for FY2023 1H to approximately HK\$49.4 million for FY2024 1H mainly due to the combined effects of the increase in (i) depreciation of right-of-used-assets by approximately HK\$3.1 million in relation to the new leasing of headquarter starting from December 2022; and (ii) general operating costs by approximately HK\$3.9 million.

## Loss for the period attributable to owners of the Company

The loss attributable to owners of the Company decreased from approximately HK\$18.3 million in FY2023 1H to HK\$6.6 million in FY2024 1H significantly. The significant decrease in loss was mainly due to the fair value loss on FVTPL in relation to the unlisted investment of holding company of HKbitEX was only incurred approximately HK\$0.4 million (FY2023 1H: fair value loss on FVTPL of this investment of approximately HK\$23.0 million), which was partial offset by the increase in operating expenses as mentioned above.

## DIVIDEND

The Board does not recommend the payment of any dividend for FY2024 1H (FY2023 1H: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

During FY2024 1H, the Group financed its operation mainly through cash generated from our operating activities. As at 30 September 2023, we had cash and cash equivalents of approximately HK\$33.6 million (as at 31 March 2023: approximately HK\$67.2 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 61.8% as at 30 September 2023 (as at 31 March 2023: approximately 85.3%). The Group maintained strong liquidity position during FY2024 1H.

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## CAPITAL STRUCTURE

As at 30 September 2023, the capital structure of the Company comprised issued share capital and reserves. Detail of movements in the share capital during FY2024 1H are set out in note 16 to the unaudited condensed consolidated financial statements in this report.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During FY2024 1H, the Group had no other significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

## CAPITAL COMMITMENTS

As at 30 September 2023, the Group has no material capital commitments (31 March 2023: Nil) in respect of the property and equipment contracted but not provided for.

## CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any material contingent liabilities (31 March 2023: 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 FY2024 1H.

## CHARGE ON THE GROUP’S ASSETS

As at 30 September 2023, 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## INFORMATION ON EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 133 employees (as at 30 September 2022: 130 employees) and most of them were working in Hong Kong. We incurred staff costs inclusive of performance related bonus, share based payments and directors' emoluments of approximately HK\$51.7 million and approximately HK\$47.0 million for FY2024 1H and FY2023 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 of the Company ("**Share Award Scheme**") on 1 September 2020 and amended on 5 September 2023, under which any of the following persons determined by the Board from time to time ("**Participant(s)**"):

- (i) Director of the Company or employee of the Group (including persons who are granted awards under the Share Award Scheme as an inducement to enter into employment contracts with the Group) ("**Employee Participant**") on the basis of their contribution to the development and growth of the Group, the position and responsibilities, expected work performance and quality and relevant factors relevant to the potential Employee Participant, such as the level and importance of the potential Employee Participant and the expected responsibilities that such potential Employee Participant shall take, as well as the key performance indicators expected to be achieved by such potential Employee Participant. In particular, the Board will take into account the Group's need to further develop and grow; and
- (ii) director or employee of the holding companies, fellow subsidiaries or associated companies of the Company ("**Related Entity Participant**") on the basis of, among others, the business needs, the industry norm, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group, the length of engagement with the Group, and time commitment made in the past or to be expected in the future.

The Share Award Scheme shall be valid and effective for a period of 10 years commencing from 1 September 2020.

The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation, development and growth of the Group; and (ii) to attract suitable personnel for further development and growth of the Group.

The maximum number of shares of the Company ("**Shares**") issued and to be issued in respect of all grants made under any share incentive schemes of the Company ("**Share Incentive Schemes**") (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any Share Incentive Schemes) to a grantee in the 12-month period up to and including the date of grant of the relevant awards shall not exceed 1% of the total number of Shares in issue, unless separately approved by the shareholders of the Company ("**Shareholders**") in general meeting with such grantee and his/her/its close associates (or associates if the grantee is a connected person) abstaining from voting.

The Board shall have the right to:

- (a) interpret and construe the terms of the Share Award Scheme;
- (b) determine the persons (if any) who shall be offered the awards under the Share Award Scheme;
- (c) determine the terms on which the awards are granted;

## OTHER INFORMATION (continued)

- (d) determine the number of Shares underlying the awards;
- (e) subject to the other terms herein, make such adjustments to the terms of the Share Award Scheme and of the awards granted under the Share Award Scheme as the Board deems necessary and shall notify the relevant grantee(s) of such adjustment(s) by written notice;
- (f) allot and issue the Shares underlying the awards granted pursuant to the Share Award Scheme;
- (g) by resolution delegate any or all of its powers in the administration of the Share Award Scheme and appoint any of the Directors or a sub-committee of the Board comprising the members of the remuneration committee and senior management of the Company, which shall include the chief executive officer and the head of human resources department of the Company, to form an administration committee or any other committee or sub-committee or any person(s) as may from time to time be authorised by the Board for such purpose; and
- (h) make such other decisions or determination as it shall deem appropriate provided that the same are not inconsistent with the provisions of the Share Award Scheme and the Listing Rules.

The Board shall determine the number of Shares or the methodology by which the number of Shares is calculated by reference to:

- (a) the monthly salary of such Employee Participant;
- (b) the past contribution of such Employee Participant to the Group;
- (c) the experience of such Employee Participant has in the relevant field;
- (d) the average closing price of the Shares as stated in the daily quotation sheets issued by the Main Board of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for the five (5) trading days immediately preceding the relevant offer date; and
- (e) the duration of service or employment of such Employee Participant in the Group.

Summary of the principal terms of the Share Award Scheme are set out in the circular of the Company dated 2 August 2023.

During FY2024 1H, no Shares was allotted and issued under the Share Award Scheme.

## OTHER INFORMATION (continued)

### 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. 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, supplier, agent, partner or advisor of or contractor to the Group, whom the Board may think fit.

The maximum number of Shares issued and to be issued in respect of all grants made under any Share Incentive Schemes (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any Share Incentive Schemes) to a grantee in the 12-month period up to and including the date of grant of the relevant awards shall not exceed 1% of the total number of Shares in issue, unless separately approved by the Shareholders in general meeting with such grantee and his/her/its close associates (or associates if the grantee is a connected person) abstaining from voting. 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 preceding the date of the offer of grant; and
- (c) the nominal value of such Shares.

## OTHER INFORMATION (continued)

Details of the movements of share options of the Company (“Share Options”), granted, exercised or cancelled/forfeited during the FY2024 1H and outstanding as at 30 September 2023 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 2023	Grant during the period	Exercise during the period	Forfeited during the period	Outstanding at 30 September 2023
30 September 2023	Director	21 April 2021	0.582	21 April 2022 to 22 March 2027	2,200,000	-	-	-	2,200,000
		21 April 2021	0.582	21 April 2023 to 22 March 2027	1,650,000	-	-	-	1,650,000
		21 April 2021	0.582	21 April 2024 to 22 March 2027	1,650,000	-	-	-	1,650,000
<b>Total for Director</b>					5,500,000	-	-	-	5,500,000
30 September 2023	Employees	7 July 2017	0.65	7 July 2018 to 6 July 2023	1,460,000	-	(456,000)	(1,004,000)	-
		7 July 2017	0.65	7 July 2019 to 6 July 2024	1,512,000	-	(18,000)	(120,000)	1,374,000
		7 July 2017	0.65	7 July 2020 to 6 July 2025	1,512,000	-	(18,000)	(120,000)	1,374,000
Sub-total					4,484,000	-	(492,000)	(1,244,000)	2,748,000
30 September 2023	Employees	21 April 2021	0.582	21 April 2022 to 22 March 2027	2,604,000	-	-	(588,000)	2,016,000
		21 April 2021	0.582	21 April 2023 to 22 March 2027	1,980,000	-	(27,000)	(441,000)	1,512,000
		21 April 2021	0.582	21 April 2024 to 22 March 2027	1,980,000	-	-	(441,000)	1,539,000
Sub-total					6,564,000	-	(27,000)	(1,470,000)	5,067,000
<b>Total for employees</b>					11,048,000	-	(519,000)	(2,714,000)	7,815,000
<b>Total</b>					16,548,000	-	(519,000)	(2,714,000)	13,315,000

During FY2024 1H, there was 519,000 new Shares issued by the Company in respect of the Share Options.

As at the date of this report, the total number of Shares still available for issue under the Share Option Schemes shall be 13,315,000 Shares, representing approximately 1.32% of the Company’s issued share capital as at such date.

## OTHER INFORMATION (continued)

### 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 2023, 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 percentage of shareholding <sup>(1)</sup>
Mr. Liu Yui Ting Raymond ("Mr. Raymond Liu") <sup>(2)</sup>	Interest of a controlled corporation	570,000,000	–	56.31%
	Beneficial owner <sup>(6)</sup>	–	5,500,000	0.54%
				56.85%
Mr. Lo Wai Ho Ashley ("Mr. Ashley Lo") <sup>(2)</sup>	Interest of a controlled corporation	570,000,000	–	56.31%
Mr. Von John <sup>(3)</sup>	Interest of a controlled corporation	60,000,000	–	5.93%
Mr. Lam Tak Ling <sup>(4)</sup>	Interest of a controlled corporation	22,500,000	–	2.22%
Mr. Lee Francis Sung Kei ("Mr. Francis Lee") <sup>(5)</sup>	Interest of a controlled corporation	19,700,000	–	1.95%

Notes:

- (1) The percentage has been compiled based on the total number of ordinary shares of the Company in issue (1,012,257,000 Shares) as at 30 September 2023.
- (2) This represents the Shares held by Success Vision International Group Limited ("Success Vision"), a company that is beneficially owned as to 82.50% by Mr. Raymond Liu and 17.50% 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 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.

## OTHER INFORMATION (continued)

- (5) 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 19,700,000 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 report.

Save as disclosed above, as at 30 September 2023, 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 report, at no time during FY2024 1H and up to the date of this report 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 2023, 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 percentage of shareholding <sup>(6)</sup>
Success Vision <sup>(1)</sup>	Beneficial owner	570,000,000	56.31%
Ms. Cheng Chui Ying <sup>(2)</sup>	Interest of spouse	570,000,000	56.31%
Ms. Lin Fai <sup>(3)</sup>	Interest of spouse	570,000,000	56.31%
Mind Bright <sup>(4)</sup>	Beneficial owner	60,000,000	5.93%
Ms. Cheung Mo Chi <sup>(5)</sup>	Interest of spouse	60,000,000	5.93%

## OTHER INFORMATION (continued)

Notes:

- (1) Success Vision was beneficially owned as to 82.50% by Mr. Raymond Liu, and 17.50% 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 (1,012,257,000 shares) as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, 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 FY2024 1H, none of the Directors or the controlling shareholders of the Company or their respective close associates had any interests in a business which competes, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and 8.10(2) of the Listing Rules.

## 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.

## OTHER INFORMATION (continued)

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 report.

### 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 Mrs. Wong Hung Flavia Yuen Yee. 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 FY2024 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 FY2024 1H and up to the date of this report.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2024 1H and up to the date of this report, 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 FY2024 1H and up to the date of this interim report.

### 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**") within the Corporate Governance Code ("**CG Code**") contained in Appendix 14 of the Listing Rules. During FY2024 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 C.2.1 of the CG Code.

Pursuant to the code provision C.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.



## OTHER INFORMATION (continued)

As Mr. Raymond Liu is the chairman (“**Chairman**”) and the chief executive officer (“**Chief Executive Officer**”) of the Company during FY2024 1H, it constituted a deviation from code provision C.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 of the Company.

### EVENT AFTER REPORTING PERIOD

On 17 November 2023, the Company had entered into a non-legally binding memorandum of understanding (“**MOU**”) with Zhengzhou Shenglianyi Network Technology Company Limited\* (鄭州盛聯易網絡科技有限公司) (“**Target Company**”) in relation to a proposed investment in the Target Company by way of subscription or acquisition of all or part of the shares of the Target Company.

The Target Company was currently an artificial intelligence (“**AI**”) company focusing on the construction and financial fields, and had an experienced AI development team that can handle various types of machine learning model, including deep learning model, natural language processing model and image recognition model.

Details of the MOU are set out in the announcement of the Company dated 17 November 2023.

By Order of the Board

**Edvance International Holdings Limited**

**LIU Yui Ting Raymond**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 24 November 2023

*As at the date of this report, 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. Ng Tsz Fung Jimmy, Mr. Chan Siu Ming Simon and Mrs. Wong Hung Flavia Yuen Yee.*

\* For identification purpose only