

## Edvance International (1410.HK) Investment Highlights

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Provided by PRise Limited

### Edvance International announces FY2024 interim results. Business set for growth on strong cybersecurity demand

- Edvance International, a technology and investment holdings company in Hong Kong, announced its interim results for the six months ended 30 September 2023 (FY2024 1H). During the Period, the Group recorded a total revenue of HK\$290.7 million, marginally reduced by 3.4% year-on-year. Gross profit margin remained broadly stable at 23.6%.
- The net loss after tax attributable to owners of the Company (“Net Loss”) improved by around 64.1% to approximately HK\$6.6 million, mainly due to the lapping effect of the one-time fair value loss on investments recorded over the same period in FY2023.

### Demand in the cybersecurity business continues to be robust

- Despite the weakening macroeconomic environment in 1H, the Group continues to see strong demand for cybersecurity products and services business and recorded an increase of client billings year over year. Most of our revenue was earned on a subscription basis, making the Company’s business more robust and less prone to fluctuations in demand. The Group also benefited from expanding its product portfolio with China technologies. The Group’s product mix is more diversified than ever to serve the market’s evolving needs.
- 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. The Group is also very excited about launching the grKey solution to help businesses protect and securely control access to core enterprise systems and resources. At the same time, the company is actively building strategic alliances in each of the leading ASEAN markets locally for the Green Radar brand.

### Proposed investment in an AI company adds innovative value to current business

- On 17 November 2023, the Group entered into a Memorandum of Understanding (“MOU”) regarding a potential investment in Zhengzhou Shenglianyi Network Technology Company Limited (“Target Company”). The Target Company is an artificial intelligence (“AI”) company focused on the construction and financial fields. It possesses an experienced AI development team capable of handling various machine learning models, including deep learning, natural language processing, and image recognition.
- The Group has established a strong presence in the local cybersecurity market for years, investing continuously in various technology research and development initiatives. Currently, AI adoption within communities is rising steadily, with deep learning models, in particular, finding wide application across different sectors. The Group recognises the potential opportunities in this area and believes leveraging the Target Company’s talents and technologies will enhance its technical capabilities and benefit its business in cybersecurity as a whole. The Group expects management and service efficiencies can be improved for its clients significantly.

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

**Proposed investment in an AI company adds innovative value to current business (cont'd)**

- The Target Company's commitment to the financial field using technology is in line with the Group's development direction. Axion Global Asset Management ("AGAM"), the subsidiary of the Group which is licensed by the Securities and Futures Commission, is specialized in virtual asset investment. Through the Target Company's AI model, the Group can use big data and machine learning technology to conduct real-time monitoring and evaluate risks in the financial market, including the cryptocurrency market, and provide investors with risk management solutions and early warning system services.

**Reinforces the Group's cybersecurity position Eyes on long-term growth**

- The long-term trend of cybersecurity being a fast-growing industry will continue, supported by growing addressable markets in the Asia Pacific, the rapid adoption of cloud platforms and new cyber threats arising from emerging technologies such as AI.
- The Group will continue to focus on executing the corporate strategy of growing its subscription revenue model, providing cost-competitive solutions under the Green Radar brand, and serving clients with excellence. Together with the investments made over the last couple of years across both the cybersecurity and digital asset domains, the Group is optimistic about its growth.

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