

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024**

FINANCIAL HIGHLIGHTS

The Group recorded a revenue and gross profit of approximately HK\$625.4 million and approximately HK\$137.0 million respectively for FY2024, representing an increase of approximately 8.3% and a decrease of approximately 0.2% respectively, when compared with the revenue and gross profit of approximately HK\$577.5 million and approximately HK\$137.3 million respectively for FY2023.

The Company recorded profit attributable to owners of the Company for FY2024 of approximately HK\$29.7 million (FY2023: loss attributable to owners of the Company of approximately HK\$27.5 million).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) is pleased to present the audited consolidated results of Edvance International Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”, “**our Group**”, “**we**” or “**our**”) for the year ended 31 March 2024 (“**FY2024**”), together with the comparative audited figures for the preceding financial year ended 31 March 2023 (“**FY2023**”), as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For FY2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3	625,372	577,494
Cost of sales or services		(488,378)	(440,190)
Gross profit		136,994	137,304
Other income		885	1,042
Other gains and losses, net	5	30,092	(32,868)
Distribution and selling expenses		(41,043)	(36,133)
Administrative and other expenses		(89,274)	(90,199)
Net impairment losses under expected credit loss model		(2,045)	(300)
Finance costs		(4,639)	(3,354)
Profit (loss) before taxation		30,970	(24,508)
Taxation	6	(2,075)	(4,623)
Profit (loss) for the year	7	28,895	(29,131)
Other comprehensive income for the year:			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of intangible assets		398	312
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		232	270
Total comprehensive income (expense) for the year		29,525	(28,549)
Profit (loss) for the year attributable to:			
Owners of the Company		29,713	(27,478)
Non-controlling interests		(818)	(1,653)
		28,895	(29,131)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		30,343	(26,896)
Non-controlling interests		(818)	(1,653)
		29,525	(28,549)
Earnings (loss) per share (<i>HK cents</i>)	8		
– basic		2.94	(2.72)
– diluted		2.93	(2.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property and equipment		103,776	112,102
Goodwill		3,216	3,216
Intangible assets		31,426	37,736
Financial assets at fair value through profit or loss (“FVTPL”)	9	–	13,073
Deferred tax assets		5,578	4,783
Prepayments and deposits	10	178,316	103,738
		<u>322,312</u>	<u>274,648</u>
Current assets			
Inventories		31,989	18,365
Loan receivable		3,000	4,351
Trade and other receivables, prepayments and deposits	10	440,364	274,486
Tax recoverable		1,141	–
Contract assets		7,300	8,186
Financial assets at FVTPL	9	45,510	1,504
Cash and cash equivalents		55,867	67,190
		<u>585,171</u>	<u>374,082</u>
Current liabilities			
Trade and other payables and accruals	11	167,454	99,741
Lease liabilities		10,088	11,327
Contract liabilities		267,021	176,217
Bank borrowings		53,805	54,244
Tax payables		–	7,779
		<u>498,368</u>	<u>349,308</u>
Net current assets		<u>86,803</u>	<u>24,774</u>
Total assets less current liabilities		<u>409,115</u>	<u>299,422</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		26,065	33,572
Contract liabilities		196,894	104,718
Bank borrowings		16,675	17,974
Deferred tax liabilities		5,185	5,914
		<u>244,819</u>	<u>162,178</u>
Net assets		<u>164,296</u>	<u>137,244</u>
Capital and reserves			
Share capital	12	10,042	10,117
Reserves		151,734	123,789
		<u>161,776</u>	<u>133,906</u>
Equity attributable to owners of the Company		161,776	133,906
Non-controlling interests		2,520	3,338
		<u>164,296</u>	<u>137,244</u>
Total equity		<u>164,296</u>	<u>137,244</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For FY2024

1. GENERAL

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 immediate controlling shareholder 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 25th Floor, Tower 1, The Millennity, 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong, respectively. The Company acts as an investment holding company. The Group is principally engaged in the distribution of cybersecurity products, provision of cybersecurity services, and provision of digital assets financial services and investment business.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

New and 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 new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
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	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as describe below, the application of the new and 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 the consolidated financial statements.

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

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” 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 current year has no material impact on the consolidated financial statements but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between the Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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:

	2024 <i>HK\$'000</i>	2023 <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>277,419</u>	<u>328,214</u>
Cybersecurity services business*		
– provision of technical implementation services	29,858	30,744
– provision of maintenance and support services	<u>318,021</u>	<u>218,536</u>
	<u>347,879</u>	<u>249,280</u>
Digital assets financial services and investment business*		
– provision of financial services	<u>74</u>	<u>–</u>
	<u><u>625,372</u></u>	<u><u>577,494</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 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 reportable segment revenue and segment results is as below:

	Cybersecurity products business <i>HK\$'000</i>	Cybersecurity services business <i>HK\$'000</i>	Digital assets financial services and investment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2024				
Segment revenue	<u>277,419</u>	<u>347,879</u>	<u>74</u>	<u>625,372</u>
Segment results	<u>37,307</u>	<u>98,936</u>	<u>23,161</u>	<u>159,404</u>
Other income				885
Unallocated other gains and losses, net				(16)
Unallocated distribution and selling expenses				(40,963)
Unallocated administrative and other expenses				(82,350)
Impairment losses recognised on loan receivable				(1,351)
Finance costs				<u>(4,639)</u>
Profit before taxation				<u><u>30,970</u></u>
For the year ended 31 March 2023				
Segment revenue	<u>328,214</u>	<u>249,280</u>	<u>–</u>	<u>577,494</u>
Segment results	<u>50,976</u>	<u>86,128</u>	<u>(40,650)</u>	<u>96,454</u>
Other income				1,042
Unallocated other gains and losses, net				(445)
Unallocated distribution and selling expenses				(35,742)
Unallocated administrative and other expenses				(82,363)
Impairment losses recognised on loan receivable				(100)
Finance costs				<u>(3,354)</u>
Loss before taxation				<u><u>(24,508)</u></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. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net foreign exchange gain (loss)	7	(445)
Net loss on disposal and written-off of property and equipment	(23)	–
Gain (loss) on fair value changes of financial assets at FVTPL	32,306	(29,523)
Revaluation loss on intangible assets	(521)	(240)
Impairment loss on intangible assets	(1,677)	(1,920)
Impairment loss on property and equipment	–	(740)
	<u>30,092</u>	<u>(32,868)</u>

6. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	3,633	5,930
Overprovision in respect of prior year:		
Hong Kong Profits Tax	(34)	(26)
Deferred tax credit	<u>(1,524)</u>	<u>(1,281)</u>
	<u>2,075</u>	<u>4,623</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 People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision of PRC Enterprise Income Tax was made as the subsidiaries in the PRC have incurred tax losses for both years.

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 2024 and 2023 as the subsidiary in Macau has incurred tax losses.

7. PROFIT (LOSS) FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs*:		
Directors' remuneration	14,232	12,420
Other staff:		
Other staff costs	75,258	76,806
Equity-settled share-based expense	135	309
Contributions to retirement benefits schemes	3,779	3,684
	<u>93,404</u>	<u>93,219</u>
Auditor's remuneration		
– Audit services	1,892	1,825
– Non-audit services	124	140
	<u>2,016</u>	<u>1,965</u>
Cost of inventories recognised as an expense (including the allowance for inventories of approximately HK\$1,667,000 (2023: HK\$1,515,000))	<u>236,838</u>	<u>274,416</u>
Depreciation of right-of-use assets	12,171	9,326
Depreciation of other property and equipment	8,406	7,607
Depreciation of property and equipment	<u>20,577</u>	<u>16,933</u>
Amortisation of intangible assets	<u>2,618</u>	<u>2,618</u>
Net impairment losses on trade receivables	656	204
Net impairment losses (reversal of impairment losses) on contract assets	38	(4)
Impairment losses on loan receivable	1,351	100
Net impairment losses under expected credit loss model	<u>2,045</u>	<u>300</u>

* For the year ended 31 March 2023, COVID-19 related government grants/assistance amounted to approximately HK\$3,145,000 have been offset against other staff costs.

8. EARNINGS (LOSS) PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit (loss) for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings (loss) per share	<u>29,713</u>	<u>(27,478)</u>
	2024 <i>Number of shares '000</i>	2023 <i>Number of shares '000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	1,011,449	1,011,727
Effect of dilutive potential ordinary shares:		
Share Options	<u>2,290</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	<u>1,013,739</u>	<u>1,011,727</u>

The computation of diluted loss per share does not assume the exercise of Company's share options since their assumed exercise would result in a decrease in loss per share for the year ended 31 March 2023.

9. FINANCIAL ASSETS AT FVTPL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unlisted fund investment	–	1,504
Unlisted preference shares of Tykhe Capital Group Limited (“Tykhe”)	<u>45,510</u>	<u>13,073</u>
	<u>45,510</u>	<u>14,577</u>
Analysed for reporting purposes as:		
Non-current assets	–	13,073
Current assets	<u>45,510</u>	<u>1,504</u>
	<u>45,510</u>	<u>14,577</u>

As at 31 March 2024 and 2023, the Group has unlisted preference shares investment amounting to United States Dollar (“US\$”) 3 million of share capital of series A2 preference shares of Tykhe. The fair value is measured at level 3 based on equity value using 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. The investment is classified as financial assets at FVTPL. During the year ended 31 March 2024, fair value gain of approximately HK\$32,437,000 (2023: fair value loss of approximately HK\$24,781,000) has been recognised for the investment in Tykhe.

As at 31 March 2024, the management of the Group expected to sell the investment in Tykhe within twelve months after the end of the reporting period and therefore the investment in Tykhe was reclassified as current assets.

As at 31 March 2023, the Group has invested in an unlisted fund investment. Such investment was classified as financial assets at FVTPL. The fair value was measured at level 2 based on the fair value of the underlying assets and liabilities of the fund. The major assets of the fund were digital assets which the fair value was measured based on the quoted bid prices in an active market. During the year ended 31 March 2024, the Group has disposed all unlisted fund investment.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current		
Trade receivables	219,622	139,802
Less: allowance for credit losses	(1,707)	(1,051)
	<u>217,915</u>	<u>138,751</u>
Prepayment to suppliers for maintenance and support services	216,571	130,506
Receivables with broker's house and custodian	1,865	159
Other tax receivables	37	630
Prepayment and other receivables	3,976	4,440
	<u>440,364</u>	<u>274,486</u>
Non-current		
Rental deposits	3,372	3,920
Deposits paid for acquisition of property and equipment	–	3,000
Deposits and prepayment for life insurance contracts	14,797	14,498
Prepayment to suppliers for maintenance and support services	160,147	82,320
	<u>178,316</u>	<u>103,738</u>
Total trade and other receivables, prepayments and deposits	<u>618,680</u>	<u>378,224</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	152,934	96,624
31 to 60 days	35,911	28,904
61 to 90 days	21,256	4,867
91 to 120 days	5,474	3,999
121 to 365 days	2,340	4,357
	<u>217,915</u>	<u>138,751</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	147,105	82,990
Accrued expense	8,913	6,217
Accrued staff costs	8,895	9,343
Others	2,541	1,191
	<u>167,454</u>	<u>99,741</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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	106,307	82,791
31 to 60 days	7,352	–
61 to 90 days	33,446	–
91 to 120 days	–	199
	<u>147,105</u>	<u>82,990</u>

12. 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 2022, 31 March 2023 and 31 March 2024	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2022	1,011,666,000	10,117
Issue of shares upon exercise of share options (<i>note (i)</i>)	72,000	–*
At 31 March 2023	1,011,738,000	10,117
Issue of shares upon exercise of share options (<i>note (ii)</i>)	519,000	5
Shares repurchased and cancelled (<i>note (iii)</i>)	(8,040,000)	(80)
At 31 March 2024	1,004,217,000	10,042

* Amount less than HK\$1,000.

Notes:

- (i) During the year ended 31 March 2023, a total of 72,000 new ordinary shares of HK\$0.01 each were issued upon exercise of the share options of the Company.
- (ii) During the year ended 31 March 2024, a total of 519,000 new ordinary shares of HK\$0.01 each were issued upon exercise of the share options of the Company.
- (iii) During the year ended 31 March 2024, the Company had repurchased 8,040,000 shares at total consideration of approximately HK\$3,125,000 and these shares had been cancelled. The aggregate par value of the respective shares was approximately HK\$80,000. The difference of approximately HK\$3,045,000 between the aggregate consideration and the aggregate par value of the shares have been debited to share premium.

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

13. DIVIDENDS

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business overview

FY2024 was another record year for our company, with revenue reaching an all-time high of approximately HK\$625.4 million, representing approximately 8.3% year-over-year growth. In many respects, this validated our strategy and effort of the company's management in the past few years to transition our revenue model from a transactional cybersecurity products business into a recurring-revenue services business.

Cybersecurity products and services

During FY2024, our cybersecurity services business accounted for over 50% of the Group's revenue and is the key growth driver for the Group. While we are proud of these achievements, we continue to navigate challenges that could impact our future growth and profitability. Most notably, the economic outlook is uncertain, and we have seen the start of consolidation among our vendors, which may lead to fewer suppliers and ultimately increasing the risks related to the supply of products and solutions distributed by our group companies. We will continue to enhance our efforts, invest more resources into our services business and value-added distribution model, and ensure we can retain and attract talent to help our customers effectively deploy cybersecurity solutions and maintain the trust of existing and new vendor partners. This has also necessitated the management team to reduce our operating margins in selected strategic longer-term deals.

We undertook an initiative that started over a year ago to expand our cybersecurity solutions product portfolio with Chinese vendors to meet the emerging need in the market for a more cost-effective and localised solution that addresses our customers' challenges of adapting to new cyber threats and growing compliance requirements. Our distribution partnership with RankEZ, a leading enterprise-grade privileged access management solution, exemplifies our effort to help broaden cybersecurity solutions to serve new and underserved segments.

Building on the success of the grMail subscription service, our group subsidiary company, Green Radar Holdings Limited ("**Green Radar**") expanded and launched new cybersecurity as a service offering in grShield, a managed endpoint detection and response service, and grKey, a managed privileged access management service. The enhanced suite of offerings will enable companies to adopt essential cybersecurity solutions quickly without having to make significant initial capital outlays and maintain a team of in-house cybersecurity experts. We are also delighted with our progress in advancing the Green Radar brand. It has become synonymous with cost-effective and reliable cybersecurity as a service solution that has enabled us to aggressively pursue a channel partnership-centric distribution model and reduce our sales cost and lead time.

Digital assets financial services and investment

Our digital assets financial services and investment business has taken a positive turn during FY2024. The market had recovered from the lows of the previous year, and the launch of bitcoin exchange-traded funds has made it much easier for retail investors to access the asset class. Nonetheless, with the limited adoption of security tokens in the capital financing market in Hong Kong in the foreseeable future, our aspirations to grow a digital asset management firm would require substantially more investment in time and resources than anticipated. Hence, with the rebound in market sentiment, it was an opportune time to reduce our exposure to the digital assets financial services and investment business by completing the sale of our fully licensed 60% owned subsidiary, Axion Global Asset Management Limited in April 2024 and freeing up capital for internal uses and new investment opportunities.

Meanwhile, our strategic investment in the holding company of Hong Kong Digital Asset Exchange Limited (“**HKbitEX**”) achieved a significant milestone with the approval-in-principle for the Type 1 (dealing in securities) and Type 7 (providing automated trading services) licenses for a virtual asset trading platform under the Securities and Futures Ordinance having been obtained from the Hong Kong Securities and Futures Commission (“**SFC**”). As a result, such investment contributed to fair-value gain on financial assets at fair value through profit and loss (“**FVTPL**”) of approximately HK\$32.4 million for the Group in FY2024.

OUTLOOK

Against a backdrop of structural transformation and uncertainty in the local economy, the Group maintains a cautious outlook for our cybersecurity products and services businesses. There is a possibility that we may see slower new business growth as we enter into a period of cyclical softening in demand, with many enterprises having made substantial investments and upgrades to their cybersecurity infrastructure in the past few years to meet the needs of the remote work environment. However, the long-term secular tailwinds for the cybersecurity industry remain firmly intact, as supported by the ongoing digital transformation, adoption of cloud technologies and the advent of new technologies, such as artificial intelligence, making it cheaper than ever for fraudsters to launch innovative cyberattacks. The management team is focused on strengthening our competitive position, improving our operational agility, and delivering greater customer value.

Our Company remains excited about the transformative potential of emerging technologies. An unwavering commitment to innovation, through our strategy of pursuing a mix of incubating in-house businesses and investing in external opportunities, will not only help us navigate the challenges of the current environment but also position us for long-term success and growth.

We are confident that, thanks to our solid business foundation and robust strategy, the Company is well-positioned for the future.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$47.9 million, or approximately 8.3% from approximately HK\$577.5 million for FY2023 to approximately HK\$625.4 million for FY2024. The increase was mainly attributable to the continuous strong demand for our core cybersecurity products and cybersecurity services related businesses.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$0.3 million, or approximately 0.2% from approximately HK\$137.3 million for FY2023 to approximately HK\$137.0 million for FY2024. Our gross profit margin decreased from approximately 23.8% for FY2023 to approximately 21.9% for FY2024. The decrease in gross profit compared with FY2023 was mainly due to increase in technical service costs incurred in cybersecurity products and cybersecurity services businesses. The lowered gross profit margin compared with FY2023 was mainly due to the product mix in cybersecurity products business which generated comparatively lower gross profit margin in FY2024.

Other income

Our other income mainly comprises bank interest income and interest income from rental deposits 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 FY2024, mainly represented the fair value gain on financial assets at FVTPL of approximately HK\$32.3 million (FY2023: fair value loss on financial assets at FVTPL of approximately HK\$29.5 million). Such significant fair value gain on financial assets at FVTPL was mainly due to the fair value gain on the unlisted investment of the holding company of HKbitEX of approximately HK\$32.4 million (FY2023: fair value loss on this investment of approximately HK\$24.8 million) in FY2024.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately HK\$4.9 million, or approximately 13.6% from approximately HK\$36.1 million for FY2023 to approximately HK\$41.0 million for FY2024. Such increase was due to increase in marketing staff costs in FY2024 in line with the increase in revenue.

Administrative and other expenses

The administrative and other expenses slightly decreased by approximately HK\$0.9 million, or approximately 1.0% from approximately HK\$90.2 million for FY2023 to approximately HK\$89.3 million for FY2024 mainly due to the strict cost control in FY2024.

Finance costs

Our finance costs increased by approximately HK\$1.3 million, or approximately 38.3% from approximately HK\$3.4 million for FY2023 to approximately HK\$4.6 million for FY2024. Such increase was mainly due to increase in averaged bank borrowings and effective interest rates.

Taxation

Our taxation decreased by approximately HK\$2.5 million, or approximately 55.1% from approximately HK\$4.6 million for FY2023 to approximately HK\$2.1 million for FY2024. Such decrease was mainly due to the decrease in provision of taxation for FY2024 by approximately HK\$2.3 million.

Profit (loss) for the year attributable to owners of the Company

The profit attributable to owners of the Company was approximately HK\$29.7 million in FY2024 whereas the loss attributable to owners of the Company of approximately HK\$27.5 million was incurred in FY2023. The turnaround from net loss to net profit was mainly attributable to the fair value gain on financial assets at FVTPL of approximately HK\$32.4 million in relation to the unlisted investment of holding company of HKbitEX based on the valuation report prepared by a professional valuer as at 31 March 2024 (FY2023: fair value loss on financial assets at FVTPL of this investment of approximately HK\$24.8 million) as mentioned above.

Cash flow

The net cash generated from operating activities decreased by approximately HK\$9.3 million from approximately HK\$23.1 million in FY2023 to approximately HK\$13.8 million in FY2024, representing a decrease of approximately 40.2%.

Dividend

In view of 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 declare a final dividend for FY2024.

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 2024 and 2023, we had cash and cash equivalents of approximately HK\$55.9 million and HK\$67.2 million, respectively. The Group's gearing ratio which is defined as the sum of bank borrowings and lease liabilities at the respective year end divided by total equity as at respective year end and multiplied by 100%, was approximately 64.9% and 85.3% as at 31 March 2024 and 2023, respectively.

CAPITAL STRUCTURE

As at 31 March 2024, the capital structure of the Company comprised bank borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group had no significant capital commitment in respect of property and equipment contracted but not provided for (31 March 2023: Nil).

SEGMENT INFORMATION

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group does not have plans for material investments and capital assets as at 31 March 2024.

SIGNIFICANT INVESTMENTS

As at 31 March 2024, the financial assets at FVTPL of the Group amounted to approximately HK\$45.5 million (31 March 2023: approximately HK\$14.6 million), mainly including unlisted preference shares investment of approximately HK\$45.5 million (31 March 2023: approximately HK\$13.1 million).

The directors of the Company (“**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 2024; or (ii) investments which recorded realised or unrealised gain/(loss) of over HK\$5 million during FY2024 as significant investments.

Description of investments	Note	Carrying amount as at 1 April 2023 HK\$’000	Acquisition and disposal, net during the year HK\$’000	Fair value gain (loss) recognised in profit and loss, net during the year HK\$’000	Carrying amount as at 31 March 2024 HK\$’000	Percentage
						to the Group’s audited total assets as at 31 March 2024
Financial assets at FVTPL						
Unlisted preference shares investment, at fair value – investment in the holding company of HKbitEX	(a)	13,073	–	32,437	45,510	5.01%
Unlisted fund investment		1,504	(1,373)	(131)	–	–
Total		14,577	(1,373)	32,306	45,510	5.01%

Note:

- (a) This unlisted preference shares investment, being 102,273 shares and originally 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 investors 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 preference shares investment was originally held for an identified long-term strategic purpose. The investment cost of such investment was approximately HK\$23.3 million. At the end of FY2024, the Group intended to dispose such shares to willing buyers in the foreseeable future in order to maximise the returns of the shareholders of the Company.

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 obtained the approval in principle from the SFC for dealing in securities (Type 1) and automated trading services (Type 7) licences for 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 2024, the fair value of this unlisted preference shares investment was approximately HK\$45.5 million based on the valuation report prepared by an independent professional valuer.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2024.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had no material contingent liabilities (as at 31 March 2023: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's purchases 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 FY2024.

CHARGE ON GROUP'S ASSETS

As at 31 March 2024, 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 2024, the Group had 128 employees (as at 31 March 2023: 134 employees) and most of them were working in the Hong Kong offices. We incurred staff costs inclusive of performance related bonus, share based payments and directors' emoluments of approximately HK\$93.4 million and HK\$93.2 million for FY2024 and FY2023, 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 the interests of the shareholders of the Company.

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") within the Corporate Governance Code ("**CG Code**") contained in Appendix C1 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 C.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 FY2024 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 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.

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 FY2024, 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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Appendix C3 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 FY2024 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 FY2024 and up to the date of this announcement.

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

During FY2024, the Company repurchased a total of 8,040,000 shares of the Company (“Share(s)”) on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK\$3,125,300 and such Shares were cancelled on 26 March 2024. Particulars of the repurchases of the Shares during the FY2024 are as follows:

Date of repurchase	Number of Shares repurchased	Consideration per Share		Aggregate consideration (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
19 December 2023	610,000	0.395	0.380	235,600
20 December 2023	7,320,000	0.400	0.380	2,845,700
27 December 2023	110,000	0.400	0.400	44,000
	<u>8,040,000</u>			<u>3,125,300</u>

Further details of the above Share repurchases are set out in the next day disclosure returns of the Company dated 19 December 2023, 20 December 2023 and 27 December 2023.

The Directors considered that the above Share repurchases demonstrated the Company’s confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to shareholders of the Company.

Save as disclosed above, neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during FY2024 and up to the date of this annual results announcement.

COMPETING INTERESTS

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 FY2024 and up to the date of this annual results announcement.

FINAL DIVIDEND

The Board recommended not to declare a final dividend for FY2024, in order to maintaining sufficient liquidity for the Group’s long-term development, in light of the recent uncertainties in the market (FY2023: Nil).

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 12 to the consolidated financial information of this annual results 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 annual results 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 Mrs. Wong Hung Flavia Yuen Yee. 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 FY2024 have been audited. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2024 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.

EVENT AFTER THE REPORTING PERIOD

On 26 April 2024, Edvance Financial Holdings Limited, a direct wholly-owned subsidiary of the Company, Jaguar Investment Limited and Mr. Raymond Liu (“**Vendors**”), entered into the sale and purchase agreement with the purchasers who are independent third parties of the Group (“**Purchasers**”) pursuant to which the Vendors have agreed to sell and the Purchasers have agreed to purchase the entire issued share capital of Axion Global Financial Group Limited at the consideration of HK\$6,445,000. The disposal has been completed on the same day. Details of the transaction are set out in the Company’s announcement dated 26 April 2024.

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 FY2024 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 24 June 2024. 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 D2 of the Listing Rules will be published on the aforesaid websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 24 June 2024

As at the date of this announcement, the executive Directors are Mr. Liu Yui Ting Raymond, Mr. Lee Francis Sung Kei 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.