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EDVANCE INTERNATIONAL HOLDINGS LIMITED

安領國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8410)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITIONS OF PROPERTIES IN SINGAPORE

THE ACQUISITIONS

On 16 January 2018 (after trading hours), the Board is pleased to announce that, the Purchaser, an indirect wholly-owned subsidiary of the Company and the Vendor entered into the Sale and Purchase Agreements pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Properties at an aggregate consideration of S\$5,140,800.00 (equivalent to approximately HK\$30,433,536.00) (excluding goods and services tax), subject to adjustment.

GENERAL

As one of the applicable percentage ratios is greater than 5% but less than 25% for the purpose of Rule 19.07 of the GEM Listing Rules, the Acquisitions constitute a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and are therefore subject to the notification and announcement requirements under the GEM Listing Rules.

ACQUISITION

On 16 January 2018 (after trading hours), the Board is pleased to announce that, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Vendor, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Properties. The principal terms for the Sale and Purchase Agreements are set out below:

SALE AND PURCHASE AGREEMENT I

Date:

16 January 2018

Parties:

- (i) Edvance Property Investment (Singapore) Pte. Ltd., as the Purchaser
- (ii) Wenul Assets (Industrial) Pte. Ltd., as the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners are Independent Third Parties.

Property to be acquired

2 Sims Close #01-11 Gemini @ Sims, Singapore 387298

Consideration

The consideration for the Acquisition I is S\$2,592,000.00 (equivalent to approximately HK\$15,344,640.00), which shall be satisfied partly by utilising the net proceeds from the Share Offer (as defined in the Prospectus) and partly by bank loans to be obtained by the Group.

The consideration for the Acquisition I may be subject to reduction if upon completion of a title survey to be conducted, the area of Property I is discovered to be less than the estimated area of 301 sq. m. specified under the Sale and Purchase Agreement I. In the event that the difference in the area of Property I is more than 3% of the area stated in the Sale and Purchase Agreement I, the reduction would be at approximately S\$8,611.30 (equivalent to approximately HK\$50,978.90) per sq. m. of the difference which is in excess of 3% of the area stated in the Sale and Purchase Agreement I.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms and with reference to the prevailing property market price in Singapore.

Payment terms

The Purchaser shall pay S\$518,400.00 (equivalent to approximately HK\$3,068,928.00), representing 20% of the consideration (inclusive of the booking fee of S\$129,600.00 (equivalent to approximately HK\$767,232.00) which already paid in cash on 20 December 2017), to the Vendor on or before 20 February 2018.

The Purchaser shall pay the balance of the consideration in instalments according to the payment schedule under the Sale and Purchase Agreement I as set out below:

- 1) S\$259,200.00 (equivalent to approximately HK\$1,534,464.00), representing 10% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the foundation works relating to Property I have been completed;
- 2) S\$259,200.00 (equivalent to approximately HK\$1,534,464.00), representing 10% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the reinforced concrete works relating to Property I have been completed;
- 3) S\$129,600.00 (equivalent to approximately HK\$767,232.00), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the brick walls relating to Property I have been completed;

- 4) S\$129,600.00 (equivalent to approximately HK\$767,232.00), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the ceiling of Property I has been completed;
- 5) S\$129,600.00 (equivalent to approximately HK\$767,232.00), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that, among others, the door and window frames are in position and the plumbing of Property I have been completed;
- 6) S\$129,600.00 (equivalent to approximately HK\$767,232.00), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that, among others, the installation of the electrical plant, sanitary equipment and air-conditioning plant relating to Property I has been completed;
- 7) S\$129,600.00 (equivalent to approximately HK\$767,232.00), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the car park, roads and drains serving Property I have been completed;
- 8) S\$648,000.00 (equivalent to approximately HK\$3,836,160.00), representing 25% of the consideration, to the Vendor within 14 days after receiving the temporary occupation permit or certificate of statutory completion in respect of Property I; and
- 9) S\$51,840.00 (equivalent to approximately HK\$306,892.80), representing 2% of the consideration to the Vendor and S\$207,360.00 (equivalent to approximately HK\$1,227,571.20), representing 8% of the consideration to the Singapore Academy of Law, as stakeholder, on the date of completion.

If the Purchaser fails to pay any or any part of any instalment according to the payment schedule under the Sale and Purchase Agreement I, interest (at the rate of 2% above the average of the prevailing prime lending rates of the Development Bank of Singapore, the Oversea-Chinese Banking Corporation, the Overseas Union Bank and the United Overseas Bank) on the unpaid amount is to be payable by the Purchaser to the Vendor until (a) the unpaid amount is paid or (b) the expiration of the repudiation notice period, whichever first occurs.

The Vendor has the right to treat the Sale and Purchase Agreement I as having been repudiated by the Purchaser if any instalment according to the payment schedule under the Sale and Purchase Agreement I and interest remains unpaid for more than 14 days after its due date, and the Vendor must give to the Purchaser not less than 21 days' notice in writing of the Vendor's intention to treat the Sale and Purchase Agreement I as having been repudiated by the Purchaser.

Once the Sale and Purchase Agreement I is annulled, the Vendor has the right, among others, to forfeit and keep 20% of the consideration from the instalments (excluding interest) previously paid by the Purchaser.

Delivery of possession

The Vendor must deliver vacant possession of Property I to the Purchaser no later than 30 June 2018. If the Vendor does not deliver vacant possession of Property I to the Purchaser by 30 June 2018, the Vendor must pay to the Purchaser liquidated damages. Liquidated damages are to be calculated on a daily basis, commencing from the day immediately after 30 June 2018, at the rate of 10% per annum on the total sum of all the instalments paid by the Purchaser towards the consideration, and shall run until the Purchaser receives a notice of vacant possession from the Vendor in respect of Property I.

Completion

Completion in respect of the Sale and Purchase Agreement I shall take place no later than 14 days after the Purchaser receives the Vendor's notice to complete, which shall be given no later than 30 June 2020 or three years after the date of delivery of vacant possession of Property I (being no later than 30 June 2018), whichever is the earlier. If the Vendor fails to give such notice of complete by the aforesaid dates, the Vendor must pay to the Purchaser liquidated damages, which are to be calculated on a daily basis at the rate of 10% per annum on the total instalments paid by the Purchaser towards the consideration and shall run from the date on which the notice to complete should have been given until the date when the notice to complete is actually given to the Purchaser.

SALE AND PURCHASE AGREEMENT II

Date:

16 January 2018

Parties:

- (i) Edvance Property Investment (Singapore) Pte. Ltd., as the Purchaser
- (ii) Wenul Assets (Industrial) Pte. Ltd., as the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners are Independent Third Parties.

Property to be acquired

2 Sims Close #01-12 Gemini @ Sims, Singapore 387298

Consideration

The consideration for the Acquisition II is S\$2,548,800.00 (equivalent to approximately HK\$15,088,896.00), which shall be satisfied partly by utilising the net proceeds from the Share Offer (as defined in the Prospectus) and partly by bank loans to be obtained by the Group.

The consideration for the Acquisition II may be subject to reduction if upon completion of a title survey to be conducted, the area of Property II is discovered to be less than the estimated area of 296 sq. m. specified under the Sale and Purchase Agreement II. In the event that the difference in the area of Property II is more than 3% of the area stated in the Sale and Purchase Agreement II, the reduction would be at approximately S\$8,610.81 (equivalent to approximately HK\$50,976.00) per sq. m. of the difference which is in excess of 3% of the area stated in the Sale and Purchase Agreement II.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms and with reference to the prevailing property market price in Singapore.

Payment terms

The Purchaser shall pay S\$509,760.00 (equivalent to approximately HK\$3,017,779.20), representing 20% of the consideration (inclusive of the booking fee of S\$127,440.00 (equivalent to approximately HK\$754,444.80) which already paid in cash on 20 December 2017), to the Vendor on or before 20 February 2018.

The Purchaser shall pay the balance of the consideration in instalments according to the payment schedule under the Sale and Purchase Agreement II as set out below:

- 1) S\$254,880.00 (equivalent to approximately HK\$1,508,889.60), representing 10% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the foundation works relating to Property II have been completed;
- 2) S\$254,880.00 (equivalent to approximately HK\$1,508,889.60), representing 10% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the reinforced concrete works relating to Property II have been completed;
- 3) S\$127,440.00 (equivalent to approximately HK\$754,444.80), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the brick walls relating to Property II have been completed;
- 4) S\$127,440.00 (equivalent to approximately HK\$754,444.80), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the ceiling of Property II has been completed;
- 5) S\$127,440.00 (equivalent to approximately HK\$754,444.80), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that, among others, the door and window frames are in position and the plumbing of Property II have been completed;
- 6) S\$127,440.00 (equivalent to approximately HK\$754,444.80), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that, among others, the installation of the electrical plant, sanitary equipment and air-conditioning plant relating to Property II has been completed;

- 7) S\$127,440.00 (equivalent to approximately HK\$754,444.80), representing 5% of the consideration, to the Vendor within 14 days after receiving the notice from the Vendor that the car park, roads and drains serving Property II have been completed;
- 8) S\$637,200.00 (equivalent to approximately HK\$3,772,224.00), representing 25% of the consideration, to the Vendor within 14 days after receiving the temporary occupation permit or certificate of statutory completion in respect of Property II; and
- 9) S\$50,976.00 (equivalent to approximately HK\$301,777.92), representing 2% of the consideration to the Vendor and S\$203,904.00 (equivalent to approximately HK\$1,207,111.68), representing 8% of the consideration to the Singapore Academy of Law, as stakeholder, on the date of completion.

If the Purchaser fails to pay any or any part of any instalment according to the payment schedule under the Sale and Purchase Agreement II, interest (at the rate of 2% above the average of the prevailing prime lending rates of the Development Bank of Singapore, the Oversea-Chinese Banking Corporation, the Overseas Union Bank and the United Overseas Bank) on the unpaid amount is to be payable by the Purchaser to the Vendor until (a) the unpaid amount is paid or (b) the expiration of the repudiation notice period, whichever first occurs.

The Vendor has the right to treat the Sale and Purchase Agreement II as having been repudiated by the Purchaser if any instalment according to the payment schedule under the Sale and Purchase Agreement II and interest remains unpaid for more than 14 days after its due date, and the Vendor must give to the Purchaser not less than 21 days' notice in writing of the Vendor's intention to treat the Sale and Purchase Agreement II as having been repudiated by the Purchaser.

Once the Sale and Purchase Agreement II is annulled, the Vendor has the right, among others, to forfeit and keep 20% of the consideration from the instalments (excluding interest) previously paid by the Purchaser.

Delivery of possession

The Vendor must deliver vacant possession of Property II to the Purchaser no later than 30 June 2018. If the Vendor does not deliver vacant possession of Property II to the Purchaser by 30 June 2018, the Vendor must pay to the Purchaser liquidated damages. Liquidated damages are to be calculated on a daily basis, commencing from the day immediately after 30 June 2018, at the rate of 10% per annum on the total sum of all the instalments paid by the Purchaser towards the consideration, and shall run until the Purchaser receives a notice of vacant possession from the Vendor in respect of Property II.

Completion

Completion in respect of the Sale and Purchase Agreement II shall take place no later than 14 days after the Purchaser receives the Vendor's notice to complete, which shall be given no later than 30 June 2020 or three years after the date of delivery of vacant possession of Property II (being no later than 30 June 2018), whichever is the earlier. If the Vendor fails to give such notice of complete by the aforesaid dates, the Vendor must pay to the Purchaser liquidated damages, which are to be calculated on a daily basis at the rate of 10% per annum on the total instalments paid by the Purchaser towards the consideration and shall run from the date on which the notice to complete should have been given until the date when the notice to complete is actually given to the Purchaser.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in the IT Security Solutions market as an IT Security Solutions value-added distributor, and introduces IT Security Products and provides related IT Security Services.

The Purchaser is a company incorporated in Singapore and is an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Singapore and is principally engaged in real estate development.

To the best of the Directors' knowledge, information and belief and, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is committed to expand its operation in Singapore to capture the growth of the IT Security Solutions market and to strengthen its overall presence and ability to conduct business in Singapore. The Directors consider that the Acquisitions will enable us to (i) establish our brand image and foothold in Singapore; (ii) reduce the risks associated with the leased property such as possible substantial increase in rental expenses, early termination or non-renewal of our leases by landlord; (iii) eliminate the costs, time and efforts associated with the possible relocation of the service hub; (iv) enhance our ability to secure bank loans which generally would require immovable assets, such as property, as collateral; and (v) provide the Group with greater flexibility for catering the intended expansion in the Asia Pacific region and ensure smooth and continual operation of the business of the Group. Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreements are on normal commercial terms, which are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

As disclosed in the paragraph headed “Business Objectives and Future Plans – Expansion of operation in Singapore as our Service Hub and its renovation” of the Prospectus, the Company planned to acquire an office property of about 5,000 sq. ft. for approximately HK\$60.00 million of which approximately HK\$20.00 million would be financed by the net proceeds from the Share Offer as down payment.

The aggregate consideration for the Properties with a total saleable area of 597 sq. m. (equivalent to approximately 6,432 sq. ft.) is S\$5,140,800.00 (equivalent to approximately HK\$30,433,536.00). The aggregate consideration is lower than originally anticipated as the price per sq. ft. of a light industrial property is less than that of a commercial building. The Board therefore, resolved to apply the HK\$20.00 million originally allocated to pay for the down payment for the acquisition of an office property to pay for the aggregate consideration of the Acquisitions. The remaining balance of approximately S\$1.80 million (equivalent to approximately HK\$10.66 million) is intended to be funded by bank loans to be obtained by the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is greater than 5% but less than 25% for the purpose of Rule 19.07 of the GEM Listing Rules, the Acquisitions constitute a discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules and are therefore subject to the notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following meanings when used herein.

“Acquisition I”	the acquisition of Property I pursuant to the Sale and Purchase Agreement I
“Acquisition II”	the acquisition of Property II pursuant to the Sale and Purchase Agreement II
“Acquisitions”	Acquisition I and Acquisition II
“Board”	the board of Directors
“Company”	Edvance International Holdings Limited (安領國際控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the GEM of the Stock Exchange
“Director(s)”	the directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the GEM Listing Rules)
“IT”	information technology
“IT Security”	cyber security or computer security, is to safeguard IT systems including hardware, software and information from disclosure, damage as well as disruption and misdirection
“IT Security Products”	the procurement of network security products, system security products and application and data security products
“IT Security Services”	the provision of technical implementation, maintenance and support and consultancy services
“IT Security Solutions”	the integrated and customised solutions of IT Security Products and IT Security Services for satisfying the IT Security needs of customers
“Property I”	2 Sims Close #01-11 Gemini @ Sims, Singapore 387298
“Property II”	2 Sims Close #01-12 Gemini @ Sims, Singapore 387298
“Properties”	Property I and Property II
“Prospectus”	the prospectus of the Company dated 31 March 2017
“Purchaser”	Edvance Property Investment (Singapore) Pte. Ltd., an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement I”	the agreement for sale and purchase of Property I dated 16 January 2018 and entered into by the Purchaser and the Vendor in relation to the Acquisition I
“Sale and Purchase Agreement II”	the agreement for sale and purchase of Property II dated 16 January 2018 and entered into by the Purchaser and the Vendor in relation to the Acquisition II

“Sale and Purchase Agreements”	Sale and Purchase Agreement I and Sale and Purchase Agreement II
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Wenul Assets (Industrial) Ptd. Ltd., an Independent Third Party
“sq. ft.”	square feet
“sq. m.”	square metre
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“%”	per cent

* Unless otherwise stated, the exchange rates adopted in this announcement are based on the exchange rates of HK\$5.92 = S\$1.00 published by the Monetary Authority of Singapore on 15 January 2018 and are provided for illustration purposes only.

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

Hong Kong, 16 January 2018

As at the date of this announcement, Board comprises four executive Directors namely, Mr. Liu Yui Ting Raymond (Chairman), Mr. Lee Francis Sung Kei (Chief Executive Officer), Mr. Von John and Mr. Lam Tak Ling, two non-executive Directors namely, Dr. Tang Sing Hing Kenny, Mr. Lo Wai Ho Ashley, and three independent non-executive Directors namely, Mr. Yu Kwok Chun Raymond, Mr. Ng Tsz Fung Jimmy and Mr. Chan Siu Ming Simon.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.edvancesecurity.com.