



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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of Edvance International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

FINANCIAL HIGHLIGHTS

The Company and its subsidiaries (the “**Group**”) recorded revenue of approximately HK\$212.9 million for the nine months ended 31 December 2017, representing an increase of approximately 34.2% as compared with revenue of approximately HK\$158.6 million for the nine months ended 31 December 2016.

The Group recorded gross profit of approximately HK\$59.5 million for the nine months ended 31 December 2017, representing an increase of approximately 34.6% as compared with gross profit of approximately HK\$44.2 million for the nine months ended 31 December 2016.

The net profit of the Group for the nine months ended 31 December 2017 increased to approximately HK\$11.2 million from approximately HK\$5.4 million for the nine months ended 31 December 2016.

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2017.

THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2017, together with the unaudited comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 December 2017

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	81,496	56,511	212,920	158,573
Cost of sales		(61,118)	(39,366)	(153,396)	(114,360)
Gross profit		20,378	17,145	59,524	44,213
Other income		130	17	491	305
Other gains and losses, net		138	212	191	294
Distribution and selling expenses		(5,019)	(3,227)	(15,717)	(12,470)
Administrative expenses		(10,538)	(7,867)	(29,751)	(16,828)
Listing expenses		–	(4,566)	(178)	(7,066)
Finance costs		(49)	(485)	(495)	(736)
Profit before taxation		5,040	1,229	14,065	7,712
Taxation	4	(1,165)	(618)	(2,869)	(2,292)
Profit for the period		3,875	611	11,196	5,420
Other comprehensive income (expense) for the period:					
Item that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		(198)	(112)	27	(401)
Total comprehensive income for the period		3,677	499	11,223	5,019

		Three months ended 31 December		Nine months ended 31 December	
	<i>Notes</i>	2017 HK\$'000 (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 HK\$'000 (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Profit (loss) for the period attributable to:					
– owners of the Company		3,875	(1,114)	11,196	2,326
– non-controlling interests		–	1,725	–	3,094
		<u>3,875</u>	<u>611</u>	<u>11,196</u>	<u>5,420</u>
Total comprehensive income (expense) for the period attributable to:					
– owners of the Company		3,677	(1,186)	11,223	2,021
– non-controlling interests		–	1,685	–	2,998
		<u>3,677</u>	<u>499</u>	<u>11,223</u>	<u>5,019</u>
Earnings (loss) per share (HK cents)					
– Basic	5	0.39	(0.20)	1.14	0.40
– Diluted	5	0.38	N/A	1.13	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2017

	Attributable to owners of the Company					Accumulated profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other reserves HK\$'000	Translation reserve HK\$'000				
At 1 April 2016 (audited)	1	–	–	(1,298)	274	11,160	10,137	1,931	12,068
Profit for the period	–	–	–	–	–	2,326	2,326	3,094	5,420
Other comprehensive expense for the period	–	–	–	–	(305)	–	(305)	(96)	(401)
Total comprehensive (expense) income for the period	–	–	–	–	(305)	2,326	2,021	2,998	5,019
Partial disposal of subsidiaries without losing control (<i>Note (i)</i>)	–	–	–	(1,350)	–	–	(1,350)	1,350	–
At 31 December 2016 (unaudited)	<u>1</u>	<u>–</u>	<u>–</u>	<u>(2,648)</u>	<u>(31)</u>	<u>13,486</u>	<u>10,808</u>	<u>6,279</u>	<u>17,087</u>
At 1 April 2017 (audited)	–	–	–	3,633	(184)	5,746	9,195	–	9,195
Profit for the period	–	–	–	–	–	11,196	11,196	–	11,196
Other comprehensive income for the period	–	–	–	–	27	–	27	–	27
Total comprehensive income for the period	–	–	–	–	27	11,196	11,223	–	11,223
Issue of shares by capitalisation of share premium (<i>Note (ii)</i>)	7,500	(7,500)	–	–	–	–	–	–	–
Issue of new shares (<i>Note (ii)</i>)	2,500	77,500	–	–	–	–	80,000	–	80,000
Listing expenses related to the issue of new shares	–	(7,475)	–	–	–	–	(7,475)	–	(7,475)
Recognition of equity-settled share-based expenses (<i>Note 7</i>)	–	–	1,450	–	–	–	1,450	–	1,450
At 31 December 2017 (unaudited)	<u>10,000</u>	<u>62,525</u>	<u>1,450</u>	<u>3,633</u>	<u>(157)</u>	<u>16,942</u>	<u>94,393</u>	<u>–</u>	<u>94,393</u>

Notes:

- (i) On 24 June 2016, 8% equity interest in Best Gear Group Limited were disposed by Mr. Lo Wai Ho Ashley to non-controlling shareholders of the Company, resulting a deficit changed to other reserves.
- (ii) On 19 April 2017, the Company issued 749,999,900 new shares of HK\$0.01 each through capitalisation of HK\$7,499,999 standing to the credit of share premium account of the Company. Also, as a result of the share offer, 250,000,000 new shares were issued at an offer price of HK\$0.32 per Share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

1. GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of IT Security Products and provision of IT Security Services. The address of the registered office and principal place of business of the Company are PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 39th Floor, Monterey Plaza, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016. Pursuant to a group reorganisation (the “**Reorganisation**”) to rationalise the structure of the Group in preparation of the listing of the Company’s shares on the GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 31 March 2017 (the “**Prospectus**”) and Note 2 to the consolidated financial statements in the annual report of the Company for the year ended 31 March 2017.

On 19 April 2017, the Company issued 749,999,900 new shares through capitalisation of HK\$7,499,999 standing to the credit of share premium account of the Company. Also, as a result of the share offer, 250,000,000 new shares were issued at an offer price of HK\$0.32 per Share.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements of the Group for the nine month ended 31 December 2017 (the “**Reporting Period**”) have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules. These unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2017.

In the Reporting Period, the Group has adopted new or revised HKFRSs issued by the HKICPA which are relevant to Group’s operations and effective for the Group’s financial statements for accounting period beginning on or after 1 April 2017. The adoption has no significant changes on the Group’s reported results and the financial position of the Group for the current or prior accounting periods. The Group has not applied any new or revised HKFRSs that is not yet effective for the Reporting Period. For those which are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group’s results and financial position.

These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 31 December 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 7 to the condensed consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of reporting periods, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services rendered, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

3. REVENUE AND SEGMENT RESULTS

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 and other allowances for the periods, and is analysed as follows.

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision makers ("CODM") that are making strategic decisions. Information reported to the CODM is based on the business lines operated by the Group. No operating segments have been aggregated to form the following reportable segments.

Details of the Group's operating and reportable segments are as follows:

- (1) IT Security Products business refers to the procurement of network security products, system security products and application and data security products by the Group; and
- (2) IT Security Services business refers to the provision of technical implementation, maintenance and support and consultancy services to customers by the Group.

	Three months ended 31 December 2017			Nine months ended 31 December 2017		
	IT Security Products HK\$'000 (unaudited)	IT Security Services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	IT Security Products HK\$'000 (unaudited)	IT Security Services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	48,973	32,523	81,496	127,482	85,438	212,920
Segment results	8,647	11,731	20,378	28,375	31,149	59,524

	Three months ended 31 December 2016			Nine months ended 31 December 2016		
	IT Security Products	IT Security Services	Total	IT Security Products	IT Security Services	Total
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Segment revenue	28,529	27,982	56,511	85,512	73,061	158,573
Segment results	4,706	12,439	17,145	16,367	27,846	44,213

Segment result represents the profit earned by each segment without allocation of other income, other gains and losses, distribution and selling expenses, administrative expenses, listing expenses, finance costs and taxation.

4. TAXATION

	Three months ended 31 December		Nine months ended 31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Current tax:				
Hong Kong Profits Tax	917	618	2,332	2,292
Macau Complementary Tax	248	–	537	–
	<u>1,165</u>	<u>618</u>	<u>2,869</u>	<u>2,292</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 31 December 2017 and 2016.

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the nine months ended 31 December 2017. No provision for Macau Complementary Tax had been made for the nine months ended 31 December 2016 as the subsidiary in Macau did not generate any assessable profit arising in Macau during the period.

No provision for Singapore income tax and the People's Republic of China (the "PRC") Enterprise income tax have been made as the Group did not generate any estimated assessable profits arising in Singapore and the PRC during the nine months ended 31 December 2017 and 2016.

5. EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>3,875</u>	<u>(1,114)</u>	<u>11,196</u>	<u>2,326</u>

The weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Weighted average number of shares used in the calculation of basic earnings per share	1,000,000,000	570,000,000	982,727,273	588,327,273
Shares deemed to be issued in respect of share options	6,561,524	–	4,369,124	–
Weighted average number of shares used in the calculation of diluted earnings per share	<u>1,006,561,524</u>	<u>570,000,000</u>	<u>987,096,397</u>	<u>588,327,273</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue as described in note 1 has been effective on 1 April 2016.

6. DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil).

7. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group pursuant to a resolution passed on 23 March 2017.

The total number of shares (the “**Shares**”) which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date.

Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up options (the “**Share Options**”) to subscribe for Shares:

- (i) any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or any subsidiary holds any interest;
- (ii) any discretionary trust the discretionary objects of which include any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and
- (iii) any corporation wholly-owned by any person mentioned in clause (i) above.

Share Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1.00. An offer may not be accepted by an Eligible Participant who ceases to be an Eligible Participant after an offer is made to him but before his acceptance. No offer shall be capable of or open for acceptance after the date that falls on expiry of 10 years commencing on the date of which the Share Option Scheme is adopted.

Share Options exercise price is the highest of (i) the nominal value of a share of the Company; (ii) the closing price of the Shares as stated in the daily quotations sheet of Stock Exchange on the date of the offer for granting the Share Options; and (iii) the average price of Shares as stated in the daily quotations sheets on the Stock Exchange.

On 7 July 2017, the Company has granted 18,000,000 Share Options to the Company's employees at the exercise price of HK\$0.65 per option share. The Share Options is valid for a period of five years commencing from the relevant vesting date. The closing price of the Company's share immediately before 7 July 2017, the date before grant, was HK\$0.67.

Movement of the Share Options during the Reporting Period are as followings:

	Number of share options
At 1 April 2017	–
Granted during the period	18,000,000
Lapsed during the period	<u>(1,380,000)</u>
At 31 December 2017	<u><u>16,620,000</u></u>

During the Reporting Period, Share Options were granted on 7 July 2017. The estimated fair value of the Share Options determined at the date of grant using the Binomial Option Pricing Model was approximately HK\$5,122,000. The variables and assumptions used in computing the fair value of the Share Options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the Share Options.

The following assumptions were used to calculate the estimated fair values of Share Options:

Share price at date of grant:	HK\$0.63
Exercise price:	HK\$0.65
Expected life:	5 years from vesting date
Expected volatility:	49.3% to 51.05%
Dividend yield:	0%
Risk-free interest rate:	1.2995% to 1.4423%

The Group recognised an expense of approximately HK\$1,450,000 in relation to share options granted by the Company for the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The shares of the Company were successfully listed (the “**Listing**”) on the GEM of the Stock Exchange on 19 April 2017 (the “**Listing Date**”) by way of share offer.

The Group is a leading established value-added distributor of cybersecurity products and provider of related professional services with business operations in Hong Kong, the PRC, Singapore and Macau. IT Security Products refer to the procurement of network security products, system security products and application and data security products. IT Security Services refer to the provision of technical implementation, maintenance and support and consultancy services. Our customers are mainly IT companies which act as resellers in providing overall IT Solutions to end-users. Our suppliers are mainly multinational corporations which provide IT Security Products, including hardware, software and auxiliary products.

During the nine months ended 31 December 2017 (“**FY2018 Q3**”), the Group continues to grow its business through promoting new and existing product and services to its market through its customers. The increase in business is processed by further integrating of the ERP system to control our internal processes. As a result of the ERP integration, our management reporting procedure becomes more concise, which in turn improves the efficiency of the Group.

OUTLOOK AND PROSPECTS

Cybersecurity impacts and awareness continue to increase in Asia. Business concerns around the likelihood and impact of technological threats continues to sharpen and cyberattacks is one of the top risks amongst the enterprises that the Group works with. In this climate, the Group continues to see strong interest in cybersecurity from the market across our principal operating regions, contributing to business growth in the short and medium term.

The Group committed to expand our business operation in Singapore to capture the potential business opportunities arising from the nearby region. In this regard, we have entered into two sale and purchase agreements to acquire two properties in Singapore during FY2018 Q3, in order to further establish our foothold in Singapore as service hub and accommodate our enhanced workforce.

The Group believes that the numerous initiatives and continuation of current investment policies would continue to enhance the overall competitive position in our operating environments and contributes to our success.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately HK\$54.3 million, or 34.2%, from approximately HK\$158.6 million for the nine months ended 31 December 2016 (“**FY2017 Q3**”) to approximately HK\$212.9 million in FY2018 Q3. The increase was mainly due to the introduction of new vendors in FY2018 Q3 and the growth in sales of the existing products carried out by our Group with increased market penetration of such products.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$15.3 million, or 34.6%, from approximately HK\$44.2 million in FY2017 Q3 to approximately HK\$59.5 million in FY2018 Q3. The increase was in line with the increase in revenue. The gross profit margin increased slightly by 0.1% from 27.9% in FY2017 Q3 to 28.0% in FY2018 Q3.

Other income

Other income mainly comprises of bank interest income, sundry income and interest income from deposits for life insurance contracts that we have purchased for our Directors and senior staff. Such amount increased by approximately HK\$0.2 million from approximately HK\$0.3 million in FY2017 Q3 to approximately HK\$0.5 million in FY2018 Q3, which was mainly due to the increase in bank interest income and interest income from deposits for life insurance contracts.

Other gains and losses, net

Other gains and losses mainly represents net foreign exchange gains or losses. Such amount decreased by approximately HK\$0.1 million from approximately HK\$0.3 million in FY2017 Q3 to approximately HK\$0.2 million in FY2018 Q3.

Distribution and selling expenses

The Group's distribution and selling expenses increased by approximately HK\$3.2 million, or 25.6%, from approximately HK\$12.5 million in FY2017 Q3 to approximately HK\$15.7 million in FY2018 Q3. The increase was mainly due to the increase in staff cost of the Group by approximately HK\$2.7 million.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$13.0 million, or 77.4%, from approximately HK\$16.8 million in FY2017 Q3 to approximately HK\$29.8 million in FY2018 Q3. The increase was mainly due to (i) the increase in rental expenses and depreciation provided for our expansion of Hong Kong headquarters by approximately HK\$3.4 million; (ii) the increase in staff cost by approximately HK\$ 6.0 million; (iii) the increase in consultancy and professional fees incurred for our compliance requirements upon Listing by approximately HK\$1.2 million; and (iv) the increase in brand promotion fee associated with the Group's expansion by approximately HK\$0.9 million.

Finance costs

The Group's finance costs decreased by approximately HK\$0.2 million, or 28.6%, from approximately HK\$0.7 million in FY2017 Q3 to approximately HK\$0.5 million in FY2018 Q3. The decrease was mainly due to the decrease in bank borrowings for financing the Group's operation.

Taxation

The Group's taxation increased by approximately HK\$0.6 million, or 26.1%, from approximately HK\$2.3 million in FY2017 Q3 to approximately HK\$2.9 million in FY2018 Q3. The increase was mainly due to the increase in taxable profit which was in line with increase in revenue.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company increased by approximately HK\$8.9 million from approximately HK\$2.3 million in FY2017 Q3 to approximately HK\$11.2 million in FY2018 Q3.

Dividend

The Directors do not recommend the payment of dividend for the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil).

OTHER INFORMATION

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 23 March 2017. As at 31 December 2017, there were 16,620,000 Share Options to subscribe for 16,620,000 ordinary shares of HK\$0.01 each of the Company, representing 1.66% of the issued share capital of the Company, as at the date of this announcement granted by the Company under the Share Option Scheme which were valid and outstanding. The exercise price of the Share Options is HK\$0.65 per Share. None of the grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the GEM Listing Rules).

Details of the movements of Share Options granted, exercised or cancelled/lapsed during the Reporting Period and outstanding as at 31 December 2017 are as follows:

Grantee	Date of grant of Share Options	Exercise price of Share Options HK\$	Closing price immediately before date of grant HK\$	Exercise period (both dates inclusive)	At 1 April 2017	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 31 December 2017
Employees	7 July 2017	0.65	0.67	7 July 2018 to 6 July 2023	-	7,200,000	-	(552,000)	6,648,000
	7 July 2017	0.65	0.67	7 July 2019 to 6 July 2024	-	5,400,000	-	(414,000)	4,986,000
	7 July 2017	0.65	0.67	7 July 2020 to 6 July 2025	-	5,400,000	-	(414,000)	4,986,000
Total employees					-	18,000,000	-	(1,380,000)	16,620,000

As at the date of this announcement, the Company may grant further share options to subscribe for up to 83,380,000 shares, representing 8.34% of the issued shares of the Company pursuant to the Share Option Scheme.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, 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 Futures Ordinance (the “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 Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions

Names of Director	Capacity	Number of Shares	Approximate % of shareholding
Mr. Liu Yui Ting Raymond ⁽¹⁾	Interest of controlled corporation	570,000,000	57.00%
Mr. Lee Francis Sung Kei ⁽²⁾	Interest of controlled corporation	22,500,000	2.25%
Mr. Lo Wai Ho Ashley ⁽¹⁾	Interest of controlled corporation	570,000,000	57.00%
Mr. Von John ⁽³⁾	Interest of controlled corporation	60,000,000	6.00%
Mr. Lam Tak Ling ⁽⁴⁾	Interest of controlled corporation	22,500,000	2.25%
Dr. Tang Sing Hing Kenny ⁽⁵⁾	Interest of controlled corporation	75,000,000	7.50%

Notes:

- (1) This represents the Shares held by Success Vision International Group Limited (“**Success Vision**”), a company which is beneficially owned as to 59.21% by Mr. Liu Yui Ting Raymond and 40.79% by Mr. Lo Wai Ho Ashley respectively and therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.
- (2) This represents the Shares held by Pioneer Marvel Limited, a company which is wholly-owned by Mr. Lee Francis Sung Kei and therefore, he was deemed to be interested in the 22,500,000 Shares under the SFO.
- (3) This represents the Shares held by Mind Bright Limited (“**Mind Bright**”), a company which is 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 which is wholly-owned by Mr. Lam Tak Ling and therefore he was deemed to be interested in the 22,500,000 Shares under the SFO.
- (5) This represents the Shares held by Earning Gear Inc. (“**Earning Gear**”), a company which is wholly-owned by Dr. Tang Sing Hing Kenny and therefore he was deemed to be interested in the 75,000,000 Shares under the SFO.

Details of the share options of the Company, duly granted to the Directors pursuant to the share options schemes (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 announcement.

Save as disclosed above, as at 31 December 2017, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the paragraph headed "Share Option Scheme" in this announcement, at no time during the nine months ended 31 December 2017 and up to the date of this announcement 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 IN SHARES AND UNDERLYING SHARES

As at 31 December 2017 and up to the date of this announcement, the following persons (other than Directors or chief executive of the Company), who had interests in the 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	Number of Shares	Approximate % of shareholding
Success Vision ⁽¹⁾	Beneficial owner	570,000,000	57.00%
Ms. Cheng Chui Ying ^(1&2)	Interest of spouse	570,000,000	57.00%
Ms. Lin Fai ^(1&3)	Interest of spouse	570,000,000	57.00%
Earning Gear ⁽⁴⁾	Beneficial owner	75,000,000	7.50%
Ms. Yip Lai Ching ^(4&5)	Interest of spouse	75,000,000	7.50%
Mind Bright ⁽⁶⁾	Beneficial owner	60,000,000	6.00%
Ms. Cheung Mo Chi ^(6&7)	Interest of spouse	60,000,000	6.00%

Notes:

- (1) Success Vision was beneficially owned as to 59.21% by Mr. Liu Yui Ting Raymond, an executive Director, and 40.79% by Mr. Lo Wai Ho Ashley, a non-executive Director, respectively. Each of Mr. Liu Yui Ting Raymond and Mr. Lo Wai Ho Ashley were deemed to be interested in the 570,000,000 Shares that held by Success Vision under the SFO.
- (2) Ms. Cheng Chui Ying is the spouse of Mr. Liu Yui Ting Raymond and was therefore deemed to be interested in the Shares in which Mr. Liu Yui Ting Raymond was interested in under the SFO.

- (3) Ms. Lin Fai is the spouse of Mr. Lo Wai Ho Ashley and was therefore deemed to be interested in the Shares in which Mr. Lo Wai Ho Ashley was interested in under the SFO.
- (4) Earning Gear is wholly-owned by Dr. Tang Sing Hing Kenny, an non-executive Director, and was therefore deemed to be interested in the 75,000,000 Shares that held by Earning Gear under the SFO.
- (5) Ms. Yip Lai Ching is the spouse of Dr. Tang Sing Hing Kenny and was therefore deemed to be interested in the Shares in which Dr. Tang Sing Hing Kenny was interested in under the SFO.
- (6) Mind Bright is wholly-owned by Mr. Von John, an executive Director, and was therefore deemed to be interested in the 60,000,000 Shares that held by Mind Bright under the SFO.
- (7) 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, Director was interested in under the SFO.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other person who had or deemed to have interests or short positions in the shares and underlying shares of the Company which has disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

DEED OF NON-COMPETITION

The controlling shareholders, namely Mr. Liu Yui Ting Raymond, Mr. Lo Wai Ho Ashley and Success Vision, 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 of the Company 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.

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 and up to the date of this announcement.

COMPETING INTEREST

During the nine months ended 31 December 2017, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

SUBSEQUENT EVENT AFTER REPORTING PERIOD

Reference is made to the announcements of the Company dated 20 December 2017 and 16 January 2018 in relation to the acquisitions of properties in Singapore. On 16 January 2018, Edvance Property Investment (Singapore) Pte. Ltd., an indirect wholly-owned subsidiary of the Company, as the purchaser (the “**Purchaser**”), and Wenul Assets (Industrial) Pte. Ltd., as the vendor (the “**Vendor**”), entered into two sale and purchase agreements (the “**Sale and Purchase Agreements**”) pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, two properties located at 2 Sims Close #01-11 Gemini @ Sims, Singapore 387298 and 2 Sims Close #01-12 Gemini @ Sims, Singapore 387298 (collectively, the “**Properties**”), at an aggregate consideration of S\$5,140,800.00 (equivalent to approximately HK\$30,433,536.00, based on the exchange rates of HK\$5.92 = S\$1.00 published by the Monetary Authority of Singapore on 15 January 2018 and is provided for illustration purpose only).

Completion in respect of the Sale and Purchase Agreements shall take place no later than 14 days after the Purchaser receives the Vendor’s notices to complete, which shall be given no later than 30 June 2020 or three years after the date of delivery of vacant possession of Properties (being no later than 30 June 2018), whichever is the earlier.

Saved as disclosed above, there has been no occurrence of events that had a significant impact on the Group’s operation, financial and trading prospects since 31 December 2017 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee (the “**Audit Committee**”) on 23 March 2017 with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company. The Audit Committee comprises three independent non-executive Directors, namely Mr. Yu Kwok Chun Raymond, Mr. Ng Tsz Fung Jimmy and Mr. Chan Siu Ming Simon. Mr. Ng Tsz Fung Jimmy is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the nine months ended 31 December 2017, which have been approved by the Board on 12 February 2018 prior to its issuance. The Audit Committee is of the view that the unaudited condensed consolidated financial statements are in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that the sufficient disclosure was made.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (“**Code of Conduct**”) regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct since the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up to the date of this announcement, 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.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. During the nine months ended 31 December 2017, the Company has complied with the applicable code provisions of the CG Code.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Titan Financial Services Limited ("**Titan**"), the Company's compliance adviser, save for the compliance agreement entered into between the Company and Titan dated 15 December 2016 in connection with the Listing, none of Titan or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group as at 31 December 2017, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

By Order of the Board
Edvance International Holdings Limited
LIU Yui Ting Raymond
Chairman and Executive Director

Hong Kong, 12 February 2018

As at the date of this announcement, 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 Directors are Mr. Lo Wai Ho Ashley and Dr. Tang Sing Hing Kenny and the independent non-executive Directors are Mr. Yu Kwok Chun Raymond, Mr. Ng Tsz Fung Jimmy and Mr. Chan Siu Ming Simon.

This announcement will remain on the website of the GEM 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.