

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange 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: 8410)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 30 JUNE 2018**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*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 and gross profit of approximately HK\$78.4 million and HK\$20.0 million for the three months ended 30 June 2018, representing an increase of approximately 43.9% and 27.4% compared with revenue and gross profit of approximately HK\$54.5 million and HK\$15.7 million for the three months ended 30 June 2017 respectively.

The net profit after tax of the Group for the three months ended 30 June 2018 increased to approximately HK\$3.1 million (the three months ended 30 June 2017: HK\$1.3 million). It was mainly due to the increases in revenue and gross profit.

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2018.

## FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2018, together with the unaudited comparative figures for the corresponding period in 2017 as follows:

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

For the three months ended 30 June 2018

		<b>Three months ended 30 June</b>	
		<b>2018</b>	<b>2017</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>78,411</b>	54,500
Cost of sales		<b>(58,390)</b>	(38,774)
Gross profit		<b>20,021</b>	15,726
Other income		<b>356</b>	109
Other gains and losses, net		<b>(215)</b>	(17)
Distribution and selling expenses		<b>(5,969)</b>	(5,043)
Administrative expenses		<b>(10,207)</b>	(8,531)
Listing expenses		<b>–</b>	(178)
Finance costs		<b>(152)</b>	(294)
Profit before taxation		<b>3,834</b>	1,772
Taxation	4	<b>(700)</b>	(484)
Profit for the period		<b>3,134</b>	1,288
Other comprehensive income for the period:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>189</b>	93
Total comprehensive income for the period attributable to owners of the Company		<b>3,323</b>	1,381
Earnings per share ( <i>HK cents</i> )	5		
– Basic		<b>0.31</b>	0.14
– Diluted		<b>0.31</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the three months ended 30 June 2018*

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	
For the three months ended 30 June 2017							
At 1 April 2017 (audited)	–	–	3,633	–	(184)	5,746	9,195
Profit for the period	–	–	–	–	–	1,288	1,288
Other comprehensive income for the period	–	–	–	–	93	–	93
Total comprehensive income for the period	–	–	–	–	93	1,288	1,381
Issue of shares by capitalisation of share premium ( <i>Note</i> )	7,500	(7,500)	–	–	–	–	–
Issue of new shares ( <i>Note</i> )	2,500	77,500	–	–	–	–	80,000
Listing expenses related to the issue of new shares	–	(7,475)	–	–	–	–	(7,475)
At 30 June 2017 (unaudited)	<u>10,000</u>	<u>62,525</u>	<u>3,633</u>	<u>–</u>	<u>(91)</u>	<u>7,034</u>	<u>83,101</u>
For the three months ended 30 June 2018							
At 1 April 2018 (audited)	10,000	62,525	3,633	1,860	34	23,928	101,980
Profit for the period	–	–	–	–	–	3,134	3,134
Other comprehensive income for the period	–	–	–	–	189	–	189
Total comprehensive income for the period	–	–	–	–	189	3,134	3,323
Recognition of equity-settled share-based expenses	–	–	–	511	–	–	511
At 30 June 2018 (unaudited)	<u>10,000</u>	<u>62,525</u>	<u>3,633</u>	<u>2,371</u>	<u>223</u>	<u>27,062</u>	<u>105,814</u>

*Note:* On 19 April 2017, the Company issued 749,999,900 new shares of HK\$0.01 each share were issued 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 30 June 2018*

### 1. GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the distribution of IT Security Products and the provision of IT Security Services. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016. 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.

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 2018.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2018 have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants 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 2018.

### 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 distribution of network security products, system security products, security applications and data security products; and
- (2) IT Security Services business refers to the provision of technical implementation, maintenance and support and consultancy services to customers.

An analysis of the Group's operating and reportable segment revenue and segment results is as below:

	<b>IT Security Products business HK\$'000 (Unaudited)</b>	<b>IT Security Services business HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
<b><i>For the three months ended 30 June 2018</i></b>			
Segment revenue	<u>46,008</u>	<u>32,403</u>	<u>78,411</u>
Segment results	<u>8,947</u>	<u>11,074</u>	20,021
Other income			356
Other gains and losses, net			(215)
Distribution and selling expenses			(5,969)
Administrative expenses			(10,207)
Finance costs			<u>(152)</u>
Profit before taxation			<u>3,834</u>
	<b>IT Security Products business HK\$'000 (Unaudited)</b>	<b>IT Security Services business HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
<b><i>For the three months ended 30 June 2017</i></b>			
Segment revenue	<u>30,502</u>	<u>23,998</u>	<u>54,500</u>
Segment results	<u>6,498</u>	<u>9,228</u>	15,726
Other income			109
Other gains and losses, net			(17)
Distribution and selling expenses			(5,043)
Administrative expenses			(8,531)
Listing expenses			(178)
Finance costs			<u>(294)</u>
Profit before taxation			<u>1,772</u>

#### 4. TAXATION

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
Hong Kong profits tax	<b>605</b>	341
Macau complementary tax	<b>95</b>	143
	<u><b>700</b></u>	<u>484</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the three months ended 30 June 2018 and 2017.

Macau complementary tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the three months ended 30 June 2018 and 2017.

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 assessable profits arising in Singapore and the PRC during the three months ended 30 June 2018 and 2017.

#### 5. EARNINGS PER SHARE

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

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u><b>3,134</b></u>	<u>1,288</u>

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<b>Number of shares '000</b>	Number of shares '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,000,000</b>	947,802
Add: Effect of dilutive potential ordinary shares under share option scheme	<u><b>4,552</b></u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><b>1,004,552</b></u>	<u>N/A</u>

The weighted average 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 disclosed in the Condensed Consolidated Statement of Change in Equity has been effective on 1 April 2017.

No diluted earnings per share information has been presented for the three months ended 30 June 2017 as there were no potential ordinary shares outstanding during the period.

## **6. DIVIDEND**

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2018 (three months ended 30 June 2017: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group continues to be a leading value-added distributor of IT Security Products and provider of related professional services with business operations in Hong Kong, the PRC, Singapore and various markets. IT Security Products refer to the distribution of network security products, system security products and applications 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 three months ended 30 June 2018 (“**FY2019 Q1**”), the Group continues to grow its business through adjusting our market penetration strategy to bring the awareness of cyber security threats and possible solutions to customers addressing some of their coming challenges. Internally we are also investing in ways to bring more advance cyber security solutions to a broader market.

The Group recorded net profit after tax of approximately HK\$3.1 million for FY2019 Q1 as compared to net profit after tax of approximately HK\$1.3 million for the three months ended 30 June 2017 (“**FY2018 Q1**”).

### **OUTLOOK AND PROSPECTS**

The Group believes that market is still extremely prone to cyber security threats, fortunately there is also better awareness from the market that more needs to be done to defend themselves. Cyber security threats are increasingly diverse, evasive and indiscriminate in their attacks and targets. There is a trend where cyber threats is hitting a larger number of smaller organizations with lethal effects.

All in all, we expect business demands continue to remain strong this coming year. With the aforementioned proliferation of cyber threats to a larger market, the Group also sees potential from a large demand of advance cyber security solutions for the larger small-to-medium businesses market also. The Group is well positioned to address this coming challenge, riding on our past experiences and our technical expertises.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group’s revenue increased by approximately HK\$23.9 million, or 43.9%, from approximately HK\$54.5 million in FY2018 Q1 to approximately HK\$78.4 million in FY2019 Q1. The increase was mainly due to the introduction of new vendors and the growth in sales of the existing products carried out by our Group as well as increased in demand for IT Security Products and IT Security Services.

### **Gross profit and gross profit margin**

The Group's gross profit increased by approximately HK\$4.3 million, or 27.4%, from approximately HK\$15.7 million in FY2018 Q1 to approximately HK\$20.0 million in FY2019 Q1. The increase was in line with the increase in revenue. The gross profit margin decreased slightly by 3.4% from 28.9% in FY2018 Q1 to 25.5% in FY2019 Q1.

### **Distribution and selling expenses**

The Group's distribution and selling expenses increased by approximately HK\$1.0 million, or 20.0%, from approximately HK\$5.0 million in FY2018 Q1 to approximately HK\$6.0 million in FY2019 Q1. The increase was mainly due to the increase in sale staff cost.

### **Administrative expenses**

The Group's administrative expenses increased by approximately HK\$1.7 million, or 20.0%, from approximately HK\$8.5 million in FY2018 Q1 to approximately HK\$10.2 million in FY2019 Q1. The increase was mainly due to the increase in administrative staff cost.

### **Taxation**

The Group's taxation increased by approximately HK\$0.2 million, or 40.0%, from approximately HK\$0.5 million in FY2018 Q1 to approximately HK\$0.7 million in FY2019 Q1. The increase was mainly due to the increase in revenue which lead to increase in provision of profits tax.

### **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 from approximately HK\$1.3 million in FY2018 Q1 to HK\$3.1 million in FY2019 Q1.

## **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 (the "Share Option Scheme"). As at 30 June 2018, there were 14,370,000 Share Options to subscribe for 14,370,000 ordinary shares of HK\$0.01 each of the Company, representing 1.44% 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 FY2019 Q1 and outstanding as at 30 June 2018 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	Granted	Exercised	Cancelled/	Outstanding
					2018	during the period	during the period	lapsed during the period	at 30 June 2018
Employees	7 July 2017	0.65	0.67	7 July 2018 to 6 July 2023	6,084,000	-	-	336,000	5,748,000
	7 July 2017	0.65	0.67	7 July 2019 to 6 July 2024	4,563,000	-	-	252,000	4,311,000
	7 July 2017	0.65	0.67	7 July 2020 to 6 July 2025	4,563,000	-	-	252,000	4,311,000
Total employees					15,210,000	-	-	840,000	14,370,000

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, 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 <sup>(1)</sup>	Interest of a controlled corporation	570,000,000	57.00%
Mr. Lo Wai Ho Ashley <sup>(1)</sup>	Interest of a controlled corporation	570,000,000	57.00%
Mr. Lee Francis Sung Kei <sup>(2)</sup>	Interest of a controlled corporation	22,500,000	2.25%
Mr. Von John <sup>(3)</sup>	Interest of a controlled corporation	60,000,000	6.00%
Mr. Lam Tak Ling <sup>(4)</sup>	Interest of a controlled corporation	22,500,000	2.25%
Dr. Tang Sing Hing Kenny <sup>(5)</sup>	Interest of a controlled corporation	75,000,000	7.50%

Notes:

- (1) This represents the shares held by Success Vision International Group Limited (“**Success Vision**”), a company that is beneficially owned as to 59.21% by Mr. Liu Yui Ting Raymond and 40.79% by Mr. Lo Wai Ho Ashley respectively, therefore, they are deemed to be interested in the 570,000,000 shares under the SFO.
- (2) This represents the shares held by Pioneer Marvel Limited (“**Pioneer Marvel**”), a company that is wholly-owned by Mr. Lee Francis Sung Kei and therefore, he is 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 was wholly-owned by Mr. Von John and therefore he is deemed to be interested in the 60,000,000 Shares under the SFO.
- (4) This represents the shares held by Linking Vision Limited (“**Linking Vision**”), a company that is wholly-owned by Mr. Lam Tak Ling and therefore he is 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 that is wholly-owned by Dr. Tang Sing Hing Kenny and therefore he is 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 section headed “Share Options Scheme” of this announcement.

Save as disclosed above, as at 30 June 2018, 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 section headed “Share Option Scheme” in this announcement, at no time during the three months ended 30 June 2018 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 30 June 2018 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 <sup>(1)</sup>	Beneficial owner	570,000,000	57.00%
Ms. Cheng Chui Ying <sup>(1&amp;2)</sup>	Interest of spouse	570,000,000	57.00%
Ms. Lin Fai <sup>(1&amp;3)</sup>	Interest of spouse	570,000,000	57.00%
Earning Gear <sup>(4)</sup>	Beneficial owner	75,000,000	7.50%
Ms. Yip Lai Ching <sup>(4&amp;5)</sup>	Interest of spouse	75,000,000	7.50%
Mind Bright <sup>(6)</sup>	Beneficial owner	60,000,000	6.00%
Ms. Cheung Mo Chi <sup>(6&amp;7)</sup>	Interest of spouse	60,000,000	6.00%

#### Notes:

- (1) Success Vision is 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 are 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 is therefore deemed to be interested in the shares in which Mr. Liu Yui Ting Raymond is interested in under the SFO.
- (3) Ms. Lin Fai is the spouse of Mr. Lo Wai Ho Ashley and is therefore deemed to be interested in the shares in which Mr. Lo Wai Ho Ashley is interested in under the SFO.
- (4) Earning Gear is wholly-owned by Dr. Tang Sing Hing Kenny, a 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 is 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 is 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 is 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 30 June 2018, 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 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 three months ended 30 June 2018, 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.

## **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 three months ended 30 June 2018, which have been approved by the Board on 10 August 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**

During the three months ended 30 June 2018 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 three months ended 30 June 2018, 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 30 June 2018, 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, 10 August 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 Dr. Tang Sing Hing Kenny and Mr. Lo Wai Ho Ashley 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](http://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](http://www.edvancesecurity.com).*