

edvance

Edvance International Holdings Limited
安領國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1410



**INTERIM
REPORT
2022/23**

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CORPORATE INFORMATION

BOARD OF DIRECTORS Executive Directors

Mr. Liu Yui Ting Raymond
(Chairman and Chief Executive Officer)
Mr. Lee Francis Sung Kei
Mr. Von John
Mr. Lam Tak Ling

Non-executive Director

Mr. Lo Wai Ho Ashley

Independent non-executive Directors

Mr. Yu Kwok Chun Raymond
Mr. Ng Tsz Fung Jimmy
Mr. Chan Siu Ming Simon
Mrs. Wong Hung Flavia Yuen Yee

COMMITTEES Audit Committee

Mr. Ng Tsz Fung Jimmy *(Chairman)*
Mr. Chan Siu Ming Simon
Mr. Yu Kwok Chun Raymond

Remuneration Committee

Mr. Yu Kwok Chun Raymond *(Chairman)*
Mr. Liu Yui Ting Raymond
Mr. Chan Siu Ming Simon
Mr. Ng Tsz Fung Jimmy

Nomination Committee

Mr. Chan Siu Ming Simon *(Chairman)*
Mr. Liu Yui Ting Raymond
Mr. Ng Tsz Fung Jimmy
Mr. Yu Kwok Chun Raymond

Investment Committee

Mr. Liu Yui Ting Raymond *(Chairman)*
Mr. Lee Francis Sung Kei
Mr. Ng Tsz Fung Jimmy

COMPLIANCE OFFICER

Mr. Von John

COMPANY SECRETARY

Mr. Yuen Chun Fai *(HKICPA)*

AUTHORISED REPRESENTATIVES

Mr. Von John
Mr. Yuen Chun Fai *(HKICPA)*

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F., One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISOR

Holman Fenwick Willan
15th Floor, Tower One, Lippo Centre
89 Queensway
Admiralty
Hong Kong

CORPORATE INFORMATION (continued)

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Building
181 Queen's Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04
33/F., Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20th Floor
8 Wyndham Street
Central
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

STOCK CODE

1410

COMPANY'S WEBSITE

www.edvanceintl.com

FINANCIAL HIGHLIGHTS

Edvance International Holdings Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) recorded a revenue and gross profit of approximately HK\$300.9 million and approximately HK\$72.4 million respectively for the six months ended 30 September 2022 (“**FY2023 1H**”), representing an increase of approximately 25.5% and approximately 17.0% respectively, when compared with the revenue and gross profit of approximately HK\$239.7 million and approximately HK\$61.9 million for the six months ended 30 September 2021 (“**FY2022 1H**”).

The net loss after tax attributable to owners of the Company (“**Net Loss**”) for FY2023 1H of approximately HK\$18.3 million was incurred (FY2022 1H: net profit after tax attributable to owners of the Company (“**Net Profit**”) of approximately HK\$98.9 million).

For illustration purpose, after excluding the impact of the fair value changes on financial assets at fair value through profit or loss in FY2023 1H and FY2022 1H, the Group recorded Net Profit of approximately HK\$7.1 million for FY2023 1H whereas the Group recorded Net Loss of approximately HK\$1.3 million for FY2022 1H.

The board (“**Board**”) of directors of the Company (“**Director(s)**”) does not recommend the payment of dividend for FY2023 1H (FY2022 1H: Nil).

The Board announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2022, together with the unaudited comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	300,886	239,744
Cost of sales		(228,472)	(177,875)
Gross profit		72,414	61,869
Other income		458	552
Other gains and losses, net	6	(24,977)	103,046
Distribution and selling expenses		(19,251)	(20,579)
Administrative and other expenses		(42,411)	(42,009)
Finance costs		(1,151)	(946)
(Loss) profit before taxation	7	(14,918)	101,933
Taxation	8	(3,809)	(3,812)
(Loss) profit for the period		(18,727)	98,121
Other comprehensive income (expense) for the period			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of intangible assets		–	423
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		38	(108)
		38	315
Total comprehensive (expense) income for the period		(18,689)	98,436
(Loss) profit for the period attributable to:			
Owners of the Company		(18,270)	98,913
Non-controlling interests		(457)	(792)
		(18,727)	98,121
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(18,232)	99,228
Non-controlling interests		(457)	(792)
		18,689	98,436
(Loss) earnings per share (HK cents)	9		
Basic		(1.81)	9.84
Diluted		(1.79)	9.84

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Non-current assets			
Property and equipment	11	80,040	86,152
Goodwill		3,216	3,216
Intangible assets		39,092	40,264
Financial assets at fair value through profit or loss ("FVTPL")		14,874	37,854
Deferred tax assets		4,361	4,231
Prepayments and deposits	12	96,155	89,580
		237,738	261,297
Current assets			
Inventories		21,212	13,830
Loan receivable		4,666	4,666
Trade and other receivables, prepayments and deposits	12	251,483	200,008
Tax recoverable		20	18
Contract assets	13	12,363	6,992
Financial assets at FVTPL		2,045	4,406
Bank balances and cash		30,497	49,126
		322,286	279,046
Current liabilities			
Trade and other payables and accruals	14	87,276	70,717
Lease liabilities		6,445	6,855
Contract liabilities		146,274	134,208
Bank borrowings	15	39,793	37,021
Tax liabilities		5,990	1,854
		285,778	250,655
Net current assets		36,508	28,391
Total assets less current liabilities		274,246	289,688

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		5,835	8,843
Contract liabilities		98,399	90,835
Bank borrowings	15	17,310	18,756
Deferred tax liabilities		6,450	6,643
		127,994	125,077
Net assets		146,252	164,611
Capital and reserves			
Share capital	16	10,117	10,117
Reserves		132,001	149,903
Equity attributable to owners of the Company		142,118	160,020
Non-controlling interests		4,134	4,591
Total equity		146,252	164,611

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	10,117	70,942	3,633	4,261	-	(590)	71,657	160,020	4,591	164,611
Loss for the period	-	-	-	-	-	-	(18,270)	(18,270)	(457)	(18,727)
Other comprehensive income for the period	-	-	-	-	-	38	-	38	-	38
Total comprehensive income (expenses) for the period	-	-	-	-	-	38	(18,270)	(18,232)	(457)	(18,689)
Issue of share upon exercise of share options	-	59	-	(18)	-	-	-	41	-	41
Transfer to accumulated profit upon forfeiture of share options	-	-	-	(407)	-	-	407	-	-	-
Recognition of share options granted	-	-	-	289	-	-	-	289	-	289
At 30 September 2022 (unaudited)	10,117	71,001	3,633	4,125	-	(552)	53,794	142,118	4,134	146,252
At 1 April 2021 (audited)	10,049	65,798	3,633	2,644	-	(262)	57,996	139,858	4,318	144,176
Profit (loss) for the period	-	-	-	-	-	-	98,913	98,913	(792)	98,121
Other comprehensive income (expenses) for the period	-	-	-	-	423	(108)	-	315	-	315
Total comprehensive income (expenses) for the period	-	-	-	-	423	(108)	98,913	99,228	(792)	98,436
Dividend paid (Note 10)	-	-	-	-	-	-	(10,049)	(10,049)	-	(10,049)
Transfer to accumulated profits upon forfeiture of share options	-	-	-	(58)	-	-	58	-	-	-
Recognition of share options granted	-	-	-	1,300	-	-	-	1,300	-	1,300
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	1,200	1,200
At 30 September 2021 (unaudited)	10,049	65,798	3,633	3,886	423	(370)	146,918	230,337	4,726	235,063

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash (used in) generated from operating activities	(15,053)	717
Net cash used in investing activities:		
Purchase of property and equipment	(1,084)	(35,335)
Investment in intangible assets	–	(12,401)
Other investing activities	181	2,795
	(903)	(44,941)
Net cash (used in) generated from financing activities:		
Bank borrowings raised	58,196	35,273
Repayment of bank borrowings	(55,876)	(1,308)
Payments of lease liabilities	(3,418)	(4,179)
Dividend paid	–	(10,049)
Other financing activities	(1,109)	253
	(2,207)	19,990
Net decrease in cash and cash equivalents	(18,163)	(24,234)
Cash and cash equivalents at the beginning of the period	49,126	73,383
Effect of exchange rate changes	(466)	(332)
Cash and cash equivalents at the end of the period represented by bank balances and cash	30,497	48,817

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. GENERAL

Edvance International Holdings Limited (“**Company**”) is an investment holding company and its subsidiaries are principally engaged in distribution of cybersecurity security products, provision of cybersecurity security services, and provision of financial services and investment business. The address of the registered office and principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 20th Floor, 8 Wyndham Street, Central, Hong Kong, respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

2. BASIS OF PREPARATION

These condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange (“**Listing Rules**”).

These condensed consolidated interim financial information are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated interim financial information contain condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 March 2022 (“**2022 Annual Financial Statements**”). These condensed consolidated interim financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the 2022 Annual Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared with the same accounting policies adopted in the 2022 Annual Financial Statements, except for those that relate to new standards or interpretations issued by the HKICPA mandatory for the annual periods beginning on or after 1 April 2022. The effect of the adoption of these standards, amendments and interpretation is not material on these condensed consolidated interim financial information except for the effects as described in the 2022 Annual Financial Statements.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Annual Financial Statements.

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

4. REVENUE

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 for the period.

An analysis of the Group's revenue from goods and services by segment for the period is as follows:

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Types of goods or services:		
Cybersecurity products business*		
– procurement of network security products, system security products and application and data security products	178,430	132,940
Cybersecurity services business*		
– provision of technical implementation services	15,146	17,117
– provision of maintenance and support services	107,282	89,687
	122,428	106,804
Financial services and investment business*		
– provision of financial services	28	–
	300,886	239,744

* The segment names are defined in the section "Segment information" in note 5.

Information about the Group's revenue from external customers is presented based on the locations of the shipments of goods or the services provided.

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Timing of revenue recognition:		
Over time	122,456	106,804
A point in time	178,430	132,940
	300,886	239,744

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

5. SEGMENT INFORMATION

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

- (1) Cybersecurity products business refers to the procurement of network security products, system security products and application and data security products by the Group;
- (2) Cybersecurity services business refers to the provision of technical implementation and maintenance and support services to customers by the Group; and
- (3) Financial services and investment business refers to the provision of financial services to customers, venture investment and securities trading by the Group.

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

	Six months ended 30 September 2022			
	Cybersecurity products business HK\$'000 (unaudited)	Cybersecurity services business HK\$'000 (unaudited)	Financial services and investment business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue	178,430	122,428	28	300,886
Segment results	30,518	41,866	(29,960)	42,424
Other income				458
Unallocated other gains and losses, net				364
Unallocated distribution and selling expenses				(18,914)
Unallocated administrative and other expenses				(38,099)
Finance costs				(1,151)
Loss before taxation				(14,918)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

5. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	Six months ended 30 September 2021			Total HK\$'000 (unaudited)
	Cybersecurity products business HK\$'000 (unaudited)	Cybersecurity services business HK\$'000 (unaudited)	Financial services and investment business HK\$'000 (unaudited)	
Segment revenue	132,940	106,804	–	239,744
Segment results	26,638	35,231	94,123	155,992
Other income				552
Unallocated other gains and losses, net				2,986
Unallocated distribution and selling expenses				(19,376)
Unallocated administrative and other expenses				(37,275)
Finance costs				(946)
Profit before taxation				101,933

Segment result represents the (loss) incurred/profit earned by each segment without allocation of other income, certain other gains and losses, net, certain distribution and selling expenses, certain administrative and other expenses, and finance costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

5. SEGMENT INFORMATION (continued)

Geographical information

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Geographical markets:		
Hong Kong	277,247	216,424
Macau (note)	11,689	11,015
Mongolian People's Republic ("Mongolia") (note)	5,355	3,517
The People's Republic of China ("PRC") (excluding Hong Kong and Macau)	6,026	5,884
Republic of Singapore ("Singapore")	569	2,904
	300,886	239,744

Note: The sales made to the customers located in Macau and Mongolia are through the operation of the Group's subsidiaries in Hong Kong and Singapore.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net foreign exchange gain	364	418
Gain on disposal of property and equipment	–	2,568
Fair value (loss) gain on financial assets at FVTPL	(25,341)	100,238
Loss on disposal of financial assets at FVTPL, net	–	(178)
	(24,977)	103,046

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss) profit before tax has been arrived at after charging:		
Staff costs:		
Directors' remuneration	4,590	5,889
Other staff costs	40,078	39,740
Contributions to retirement benefits schemes	2,015	1,840
Equity-settled share-based payments	289	782
	46,972	48,251
Auditor's remuneration	875	757
Cost of inventories recognised as an expense	147,912	106,302
Expenses relating to short-term leases	475	300
Amortisation of intangible assets	1,172	–
Depreciation of right-of-use assets	3,415	4,298
Depreciation of other property and equipment	3,833	3,646
Depreciation of property and equipment	7,248	7,944

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

8. TAXATION

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	4,132	3,125
PRC Enterprise Income Tax ("EIT")	–	167
	4,132	3,292
Deferred tax (credit) charge	(323)	520
	3,809	3,812

For the six months ended 30 September 2022 and 2021, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

No provision for PRC EIT has been made as the Group did not generate any assessable profits arising in PRC during the six months ended 30 September 2022. PRC EIT is calculated at 25% on the estimated assessable profit for the six months ended 30 September 2021.

No provision for Macau Complementary Tax has been made as the Group did not generate any estimated assessable profits arising in Macau during the six months ended 30 September 2022 and 2021.

No provision for Singapore income tax has been made as the Group did not generate any estimated assessable profits arising in Singapore during the six months ended 30 September 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period attributable to owners of the Company for the purpose of calculating basic and diluted (loss) earnings per share	(18,270)	98,913

	Six months ended 30 September	
	2022	2021
	Number of Shares	Number of Shares
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary share for the purpose of calculating basic (loss) earnings per share	1,011,716	1,004,946
Add: Effect of dilutive potential ordinary shares under share option scheme	6,409	–
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	1,018,125	1,004,946

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

A final dividend of HK\$0.01 per share of the Company with aggregate amount of approximately HK\$10,049,000 in respect of the year ended 31 March 2021 has been declared and paid by the Company during the six months ended 30 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property and equipment of approximately HK\$1,083,000 (six months ended 30 September 2021: approximately HK\$45,905,000).

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Current		
Trade receivables	136,785	99,363
Less: allowance for credit losses	(847)	(847)
	135,938	98,516
Prepayments to suppliers for maintenance and support services	106,956	94,001
Receivables with broker's house and custodian	1,315	1,312
Other tax receivables	607	526
Prepayments and others	6,667	5,653
	251,483	200,008
Non-current		
Rental deposits	4,402	4,402
Deposits for life insurance contracts	14,003	13,837
Prepayment of life insurance charged	350	371
Prepayments to suppliers for maintenance and support services	77,400	70,970
	96,155	89,580
Total trade and other receivables, prepayments and deposits	347,638	289,588

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0 to 30 days	94,829	59,482
31 to 60 days	26,779	26,742
61 to 90 days	11,889	7,929
91 to 120 days	1,554	3,354
121 to 365 days	887	1,009
	135,938	98,516

13. CONTRACT ASSETS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Contract assets from technical implementation services contracts	12,426	7,055
Less: allowance for credit losses	(63)	(63)
	12,363	6,992

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

14. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade payables	72,556	53,077
Accrued expenses	4,666	7,198
Accrued staff costs	8,116	8,575
Others	1,938	1,867
	87,276	70,717

The following is an ageing analysis of trade payables presented based on the invoice date:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0 to 30 days	72,556	52,880
61 to 90 days	–	197
	72,556	53,077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

15. BANK BORROWINGS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Secured and guaranteed bank borrowings	57,103	55,777
The carrying amounts of the above bank borrowings are repayable:		
Within one year	28,402	25,308
More than one year but not exceeding two years	1,701	2,009
More than two years but not exceeding five years	5,217	5,683
More than five years	21,783	22,777
	57,103	55,777
Less: Amounts due within one year or contains a repayment on demand clause shown under current liabilities	(39,793)	(37,021)
Amounts shown under non-current liabilities	17,310	18,756

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

16. SHARE CAPITAL

Details of the shares of the Company are as follows:

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 30 September 2021, 1 April 2022 and 30 September 2022	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2021 (audited) and 30 September 2021 (unaudited)	1,004,946,000	10,049
Issue of share upon exercise of share options	1,900,000	19
Issue of shares under share award scheme	4,820,000	49
At 1 April 2022 (audited)	1,011,666,000	10,117
Issue of share upon exercise of share options	72,000	-
At 30 September 2022 (unaudited)	1,011,738,000	10,117

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2022 (“**FY2023 1H**”), Edvance International Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) delivered a strong performance with record high revenue for the interim period compared to previous years. We broke HK\$300 million in revenue in the first six months of a financial year for the first time, representing a year-on-year increase of over 25% against the six months ended 30 September 2021 (“**FY2022 1H**”). The competitive environment generally remains favourable, and we continue to see strong demand even as businesses respond to and navigate challenging macroeconomic conditions. The Company is on course to deliver on our goal of deriving the majority of our revenue from services and subscriptions for our cybersecurity business and is well-positioned to deliver on our strategic priorities.

Cybersecurity product distribution and service

The Group understands the importance of cybersecurity to enterprise customers. Our value proposition is to ensure deliverability and effectiveness of cybersecurity solutions for them. We saw robust and persistent demand for cybersecurity solutions in the market, which contributed to the strong performance of our business units Edvance Technology (Hong Kong) Limited and ESH (Hong Kong) Limited. This was highlighted by project wins from key client sectors, including government and financial services institutions. The Company also expanded our product range to a Chinese-branded product, TianJi Partners, a leading provider of Digital Risk Protection (DRP) solutions, to cater to the emerging need of mainland cybersecurity products in Hong Kong market.

The robust demand for cybersecurity solutions also contributed to significant revenue growth for Green Radar, the in-house email security brand. The brand further strengthened the reseller ecosystem through managed security service providers (“**MSSP**”) and has secured partnerships with one of the largest resellers of Microsoft 365 in Hong Kong. During the reporting period, Green Radar continued to gain traction in the enterprise segment, recording wins from large marquee merchants and receiving industry award recognitions for our flagship product grMail.

Financial services and investment

The Company has made significant milestones in building the financial service and investment business focusing on digital assets. Following on from the successful launch of the Smart Beta Fund, after having received the digital asset manager approval from the Securities and Futures Commission (“**SFC**”) at the start of the year, Axion Global Asset Management Limited (“**AGAM**”), an indirect non-wholly owned subsidiary of the Company, we have expanded our regulated activities to include the distribution of virtual asset funds to professional investors. This will provide a focal point and trusted avenue for qualified investors to access virtual asset fund products via a regulated intermediary. We are delighted to have appointed a new chief operations officer for AGAM as we look to strengthen our product development capabilities and introduce new regulated product offerings, including virtual asset advisory and discretionary account management.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

On the financial investment side, the Group led a seed round investment for the subscription of Beampluslab Limited (“**Beam+ Lab**”) through shares in its holding company, Modern Capital Ventures Limited. Beam+ Lab is a non-fungible token (“**NFT**”) infrastructure company that provides the technology rails to enable end-to-end Web3 experiences and empowers owners of digital assets with the potential to utilise their assets in the fast-growing decentralised financial applications. With the growth of NFT technologies playing an increasingly disruptive role in digital asset ownership, the Board believes the strategic investment in Beam+ Lab further aligns the Group’s interest and aspirations in the digital asset space.

During FY2023 1H, the Company recorded a fair value loss of approximately HK\$23.0 million in relation to the investment of the unlisted holding company of Hong Kong Digital Asset Ex Limited (“**HKbitEX**”). Despite the recent market re-evaluation of technology companies at large, the Company remains optimistic about its prospects and the value it will bring in the longer term.

OUTLOOK

Looking ahead, the Group believes demand for cybersecurity will remain strong, and the transformation to a subscription-based revenue model will help increase the stickiness of our services for our customers. At the same time, the Group is aware of the demands placed on our customers to meet cybersecurity and data protection standards set by the relevant authorities globally. The Group is committed to being at the forefront of such industry. We are investing and actively working with global and regional focused cybersecurity vendors to offer solutions and services via the Group’s business units that deliver fast returns on investment and lower total cost of ownership for our enterprise customers.

For Green Radar, momentum was strong among customers of all sizes, from large enterprises to small to medium-sized businesses (SME). We will continue to build out our partner ecosystem and assist them in offering our products to their customer base. In addition to existing partnerships with major telecommunication providers in Hong Kong, the MSSP channel will provide us with additional reach to serve the SME segment. The Group is also working diligently to execute the geographical expansion of Green Radar’s international footprint beyond Singapore and into the Association of Southeast Asian Nations (ASEAN) markets.

With respect to our financial services and investment business, the Group is encouraged by the initiatives as announced by the Financial Services and Treasury Bureau of the Hong Kong Government (FSTB) that sets out the policy stance and approach towards developing a vibrant sector and ecosystem for virtual assets (“**VA**”) in Hong Kong. We expect the eventual implementation of those policies to provide a more favourable environment for regulated entities, including AGAM, to offer VA-related products and services, and attract investments from local and foreign investors. AGAM will ramp up our product development effort and leverage our position as one of the first SFC approved virtual asset fund managers to capture growth opportunities in this nascent but fast-growing asset class.

On the investment front, the Group is confident of the prospects of our investment portfolio and the strategic values it brings to the Company. Our investment philosophy will remain selective on new investment opportunities, and we will continue prioritising our investment needs in our existing business operations.

The Group would like to express gratitude to our staff, partners and customers. With edvance entering its 20th year of establishment in 2022, the Group is more excited than ever about the opportunities ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$61.2 million, or approximately 25.5%, from approximately HK\$239.7 million for FY2022 1H to approximately HK\$300.9 million for FY2023 1H. The increase was mainly attributable to the continuous strong demand on cybersecurity product and cybersecurity services during FY2023 1H.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$10.5 million, or approximately 17.0%, from approximately HK\$61.9 million in FY2022 1H to approximately HK\$72.4 million in FY2023 1H. The increase in gross profit was in line with the increase in revenue. The gross profit margin slightly decreased by approximately 1.7% to approximately 24.1% in FY2023 1H as compared to approximately 25.8% in FY2022 1H. The lowered gross profit margin compared with FY2022 1H was mainly due to the product mix in cybersecurity products segment which generated comparatively lower gross profit margin in FY2023 1H.

Other gains and losses, net

The Group's other gains and losses, net for FY2023 1H was net losses of approximately HK\$25.0 million, mainly representing fair value loss on financial assets at fair value through profit or loss ("**FVTPL**") of approximately HK\$25.3 million. Such significant fair value loss on financial assets at FVTPL was mainly related to fair value loss on the unlisted investment of the holding company of HKbitEX of approximately HK\$23.0 million incurred in FY2023 1H (FY2022 1H: fair value gain on FVTPL of this investment of approximately HK\$100.2 million).

Distribution and selling expenses

The Group's distribution and selling expenses remained stable and slightly decreased by approximately HK\$1.3 million, or approximately 6.5%, from approximately HK\$20.6 million in FY2022 1H to approximately HK\$19.3 million in FY2023 1H.

Administrative and other expenses

The Group's administrative and other expenses remained stable and slightly increased by approximately HK\$0.4 million, or approximately 0.95%, from approximately HK\$42.0 million in FY2022 1H to approximately HK\$42.4 million in FY2023 1H. Such administrative and other expenses remained stable due to the Group continued to adopt its policy of vigilant cost control for the respective periods.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Loss for the period attributable to owners of the Company

The loss attributable to owners of the Company of approximately HK\$18.3 million in FY2023 1H whereas the profit attributable to owners of the Company of approximately HK\$98.9 million incurred in FY2022 1H. The change from net profit to net Loss was mainly attributable to the fair value loss on FVTPL of approximately HK\$23.0 million in relation to the unlisted investment of holding company of HKbitEX on the valuation report prepared by a professional valuer as at 30 September 2022 (FY2022 1H: fair value gain on FVTPL of this investment of approximately HK\$100.2 million) as mentioned above.

DIVIDEND

The Board does not recommend the payment of any dividend for FY2023 1H (FY2022 1H: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

During FY2023 1H, the Group financed its operation mainly through cash generated from our operating activities. As at 30 September 2022, we had cash and cash equivalents of approximately HK\$30.5 million (as at 31 March 2022: approximately HK\$49.1 million).

GEARING RATIO

The Group's gearing ratio, which is calculated based on the total borrowings (defined as the sum of bank borrowings and lease liabilities) as at the respective period end divided by the total equity as at the respective corresponding period end, was approximately 47.4% as at 30 September 2022 (as at 31 March 2022: approximately 43.4%). The Group maintained strong liquidity position during FY2023 1H.

CAPITAL STRUCTURE

As at 30 September 2022, the capital structure of the Company comprised issued share capital and reserves. Detail of movements in the share capital during FY2023 1H are set out in note 16 to the unaudited condensed consolidated financial statements in this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the paragraphs headed "Outlook" above, the Group does not have any future plans for material investments and capital assets as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SIGNIFICANT INVESTMENTS

As at 30 September 2022, the financial assets at FVTPL of the Group amounted to approximately HK\$16.9 million (31 March 2022: approximately HK\$42.3 million), including (a) unlisted investment of approximately HK\$14.9 million (31 March 2022: approximately HK\$37.9 million); (b) equity securities of approximately HK\$0.3 million (31 March 2022: approximately HK\$0.3 million); and (c) unlisted fund investment of approximately HK\$1.7 million (31 March 2022: HK\$4.1 million).

The Directors considered that (i) investments with a carrying amount that account for more than 5% of the Group's unaudited total assets as at 30 September 2022; or (ii) investments which recorded realised or unrealised gain/(loss) of over HK\$5 million during the reporting period as significant investments.

Description of investments	Notes	Carrying	Acquisition	Fair value	Carrying	Percent to
		amount	and disposal,	loss, and	amount	the Group's
		as at	net during	in profit	as at	unaudited
		1 April	period	and loss, net	30 September	total assets
		2022	HK\$'000	during the	2022	as at
			HK\$'000	period		30 September
				HK\$'000	HK\$'000	2022
Financial assets at FVTPL						
Unlisted investment, at fair value	(a)	37,854	–	(22,980)	14,874	10.17%
– investment in the holding Company of HKbitEX						
Equity security listed in Hong Kong	(b)	263	–	–	263	0.18%
Unlisted fund investment		4,143	–	(2,361)	1,782	1.22%
Total		42,260	–	(25,341)	16,919	11.57%

Notes:

- (a) This unlisted investment, represented approximately 6% of issued shares (on an as-converted basis) of the Tykhe Capital Group Limited (“Tykhe”), subsequently, in July 2021, Tykhe completed a subscription agreement with several investments with respect to issuance of Pre-Series B Preference Shares of Tykhe and our shares represented approximately 5.82% of issued shares (on a converted basis) of Tykhe. Such unlisted investment was held for an identified long term strategic purpose and the Group does not intend to dispose such shares in the foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Tykhé was established in July 2018 and principally engaged in the operation of a virtual asset trading exchange through its wholly owned subsidiary, HKbitEX. HKbitEX is headquartered in Hong Kong and was one of the first applicants which applied to the SFC for dealing in securities (Type 1) and automated trading services (Type 7) licences for the purpose of a virtual asset trading platform, which will enable them to offer regulated virtual asset trading services to global professional and institutional investors.

As at 30 September 2022, the fair value of this unlisted investment was approximately HK\$14.9 million based on the valuation report prepared by a professional valuer.

- (b) As at 30 September 2022, the Group's held only one equity security listed in Hong Kong. Such investment had a carrying amount that account for less than 5% of the Group's unaudited total assets as at 30 September 2022 and there was no investment which recorded realised or unrealised gain/(loss) of over HK\$5 million during FY2023 1H.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above, the Group had no other significant investment, material acquisitions or disposals of subsidiaries and affiliated companies during FY2023 1H.

CAPITAL COMMITMENTS

As at 30 September 2022, the Group has no material capital commitments (31 March 2022: Nil) in respect of the property and equipment contracted but not provided for.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any material contingent liabilities (31 March 2022: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's purchase are primarily denominated and settled in US Dollars. The sales of the Group are predominated in Hong Kong Dollars. The Group will continue to monitor the risk related to foreign exchanges. The Group did not use any hedging contracts to engage in speculative activities during FY2023 1H.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2022, the Group's bank borrowings were secured by the properties located in Hong Kong and Singapore, and life insurance contracts entered into with a bank.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

INFORMATION ON EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had 130 employees (as at 30 September 2021: 133 employees) and most of them were working in Hong Kong. We incurred staff costs inclusive of performance related bonus, share based payments and directors' emoluments of approximately HK\$47.0 million and approximately HK\$48.3 million for FY2023 1H and FY2022 1H, respectively.

The remuneration package for the Group's employees generally includes salary and bonuses. The Group's employees also receive welfare benefits, including retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. The Group conducts annual review of the performance of the Group's employees for determining the level of bonus, salary adjustment and promotion of the Group's employees. The Group also conducts research on the remuneration packages offered for similar positions in Hong Kong in order to keep the Group's remuneration packages at a competitive level. The Company has also adopted share award scheme and share option scheme, which are designed to provide incentives and rewards to the Group's employees.

OTHER INFORMATION

SHARE AWARD SCHEME

The Company had adopted the share award scheme on 1 September 2020 (“**Share Award Scheme**”), under which any individual being an eligible employee, officer, agent or consultant of the Company or any subsidiary of the Company or any other person (including professional advisers and suppliers of the Group as selected by the Board (excluding connected persons under the Rules Governing of the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”)) were entitled to participated to the Share Award Scheme. The Share Award Scheme shall be valid and effective for a period of 10 years commencing from 1 September 2020.

The purposes of the Share Award Scheme are: (i) to provide certain participant with an opportunity to acquire a proprietary interest in the Company; (ii) to recognise the contributions by certain participant and give incentives thereto in order to retain them for the continual operation and development of the Group; (iii) to attract suitable personnel to work with the Group; and (iv) to provide additional incentive for them to achieve long term performance goals and development.

During FY2023 1H, no shares of the Company were awarded to any eligible participants.

SHARE OPTION SCHEME

On 23 March 2017, the Company had conditionally approved and adopted the share option scheme (“**Share Option Scheme**”) where eligible participants may be granted options entitling them to subscribe for the shares of the Company (“**Shares**”). The purpose of the Share Option Scheme is to enable the Company to grant share options to eligible participants as incentives or rewards for their contribution to the Group.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years until 22 March 2027. Under the Share Option Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant, which includes any director, employee, officer, consultant, customer, supplies, agent, partner or advisor of or contractor to the Group, whom the Board may think fit.

The maximum entitlement of each eligible participant in any 12-month period under the Share Option Scheme shall be 1% of the Company’s issued Share capital from time to time. Any offer under the Share Option Scheme must be accepted by the relevant eligible participant with a payment in favour of the Company of HK\$1 as consideration within 21 days. Any option under the Share Option Scheme, may be exercised at any time during the relevant option period.

The exercise price in respect of any option under the Share Option Scheme shall be not less than the higher of:

- (a) the closing price of the Shares on the date of the offer of the grant;
- (b) the average closing price of the Shares for the five business days immediately proceeding the date of the offer of grant; and
- (c) the nominal value of such Shares.

OTHER INFORMATION (continued)

Details of the movements of share options of the Company (“Share Options”), granted, exercised or cancelled/lapsed during the FY2023 1H and outstanding as at 30 September 2022 are as follows:

Share Options Movement Summary

For the six months ended	Grantee	Date of grant of Share Options	Exercise price of Share Options HK\$	Exercise period (both dates inclusive)	As at 1 April 2022	Grant during the period	Exercise during the period	Lapsed during the period	Outstanding at 30 September 2022
30 September 2022	Director	21 April 2021	0.582	21 April 2022 to 22 March 2027	2,200,000	-	-	-	2,200,000
		21 April 2021	0.582	21 April 2023 to 22 March 2027	1,650,000	-	-	-	1,650,000
		21 April 2021	0.582	21 April 2024 to 22 March 2027	1,650,000	-	-	-	1,650,000
Total for Director					5,500,000	-	-	-	5,500,000
30 September 2022	Employees	7 July 2017	0.65	7 July 2018 to 6 July 2023	2,220,000	-	-	(600,000)	1,620,000
		7 July 2017	0.65	7 July 2019 to 6 July 2024	2,097,000	-	-	(465,000)	1,632,000
		7 July 2017	0.65	7 July 2020 to 6 July 2025	2,097,000	-	-	(465,000)	1,632,000
Sub-total					6,414,000	-	-	(1,530,000)	4,884,000
30 September 2022	Employees	21 April 2021	0.582	21 April 2022 to 22 March 2027	3,204,000	-	(72,000)	(408,000)	2,724,000
		21 April 2021	0.582	21 April 2023 to 22 March 2027	2,403,000	-	-	(333,000)	2,070,000
		21 April 2021	0.582	21 April 2024 to 22 March 2027	2,403,000	-	-	(333,000)	2,070,000
Sub-total					8,010,000	-	(72,000)	(1,074,000)	6,864,000
Total for employees					14,424,000	-	(72,000)	(2,604,000)	11,748,000
Total					19,924,000	-	(72,000)	(2,604,000)	17,248,000

During FY2023 1H, there was 72,000 new Shares issued by the Company in respect of the Share Options.

As at the date of this report, the total number of Shares still available for issue under the Share Option Schemes shall be 17,248,000 Shares, representing approximately 1.71% of the Company’s issued share capital as at such date.

OTHER INFORMATION (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, 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 Future Ordinance ("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 the code for dealing in securities of the Company by the Directors as set out in Appendix 10 of the Listing Rules ("Model Code"), are set out below:

Long positions

Names of Director	Capacity/Nature of Interest	Number of Shares held	Number of underlying Shares held	Approximate percentage of shareholding ⁽¹⁾
Mr. Liu Yui Ting Raymond ("Mr. Raymond Liu") ⁽²⁾	Interest of a controlled corporation Beneficial owner ⁽⁶⁾	570,000,000 –	– 5,500,000	56.34% 0.54%
				56.88%
Mr. Lo Wai Ho Ashley ("Mr. Ashley Lo") ⁽²⁾	Interest of a controlled corporation	570,000,000	–	56.34%
Mr. Von John ⁽³⁾	Interest of a controlled corporation	60,000,000	–	5.93%
Mr. Lee Francis Sung Kei ("Mr. Francis Lee") ⁽⁴⁾	Interest of a controlled corporation	22,500,000	–	2.22%
Mr. Lam Tak Ling ⁽⁵⁾	Interest of a controlled corporation	22,500,000	–	2.22%

Notes:

- (1) The percentage has been compiled based on the total number of ordinary shares of the Company in issue (1,011,738,000 Shares) as at 30 September 2022.
- (2) This represents the Shares held by Success Vision International Group Limited ("Success Vision"), a company that is beneficially owned as to 82.50% by Mr. Raymond Liu and 17.50% by Mr. Ashley Lo, respectively, therefore, they were deemed to be interested in the 570,000,000 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 was deemed to be interested in the 60,000,000 Shares under the SFO.
- (4) This represents the Shares held by Pioneer Marvel Limited, a company was wholly-owned by Mr. Francis Lee and therefore, he was deemed to be interested in the 22,500,000 Shares under the SFO.

OTHER INFORMATION (continued)

- (5) This represents the Shares held by Linking Vision Limited, a company was wholly-owned by Mr. Lam Tak Ling and therefore he was deemed to be interested in the 22,500,000 Shares under the SFO.
- (6) On 21 April 2021, the Company granted a total of 5,500,000 Share Options to Mr. Raymond Liu under the Share Option Scheme.

Details of the share options of the Company, duly granted to the Directors pursuant to the Share Option Scheme (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 report.

Save as disclosed above, as at 30 September 2022, 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 the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed “Share Option Scheme” of this report, at no time during FY2023 1H and up to the date of this report 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 AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, the following persons (other than the Directors or chief executive of the Company), who had interests in the Shares and underlying 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/Nature of Interest	Number of Shares	Approximate percentage of shareholding ⁽⁶⁾
Success Vision ⁽¹⁾	Beneficial owner	570,000,000	56.34%
Ms. Cheng Chui Ying ⁽²⁾	Interest of spouse	570,000,000	56.34%
Ms. Lin Fai ⁽³⁾	Interest of spouse	570,000,000	56.34%
Mind Bright ⁽⁴⁾	Beneficial owner	60,000,000	5.93%
Ms. Cheung Mo Chi ⁽⁵⁾	Interest of spouse	60,000,000	5.93%

OTHER INFORMATION (continued)

Notes:

- (1) Success Vision was beneficially owned as to 82.50% by Mr. Raymond Liu, and 17.50% by Mr. Ashley Lo, respectively. Therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.
- (2) Ms. Cheng Chui Ying is the spouse of Mr. Raymond Liu, and was therefore deemed to be interested in the Shares in which Mr. Raymond Liu was interested in under the SFO.
- (3) Ms. Lin Fai is the spouse of Mr. Ashley Lo and was therefore deemed to be interested in the Shares in which Mr. Ashley Lo was interested in under the SFO.
- (4) Mind Bright is wholly-owned by Mr. Von John, Director, and Mr. Von John was therefore deemed to be interested in the 60,000,000 Shares under the SFO.
- (5) 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 was interested in under the SFO.
- (6) The percentage has been compiled based on the total number of ordinary shares of the Company in issue (1,011,738,000 shares) as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, the Directors were not aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed “Directors’ and chief executive’s interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations” above) who had or deemed to have any interests or short positions in the Shares and underlying Shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register of the Company kept under section 336 of the SFO.

COMPETING INTERESTS

During FY2023 1H, none of the Directors or the controlling shareholders of the Company or their respective close associates had any interests in a business which competes, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and 8.10(2) of the Listing Rules.

OTHER INFORMATION (continued)

DEED OF NON-COMPETITION

The controlling shareholders, namely Mr. Raymond Liu, Mr. Ashley Lo and Success Vision (the “**Controlling Shareholders**”), 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 of the Company and up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company’s audit committee currently comprises three independent non-executive Directors, namely Mr. Ng Tsz Fung Jimmy (the chairman of the audit committee), Mr. Chan Siu Ming Simon and Mr. Yu Kwok Chun Raymond. The audit committee has reviewed with the management of the Group’s accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for FY2023 1H.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code. Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code for FY2023 1H and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2023 1H and up to the date of this report, 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.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained sufficient public float throughout FY2023 1H and up to the date of this interim report.

OTHER INFORMATION (continued)

CORPORATE GOVERNANCE PRACTICES

The Group is committed to establish good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

The Company's corporate governance practices are based on the principles and code provisions ("**Code Provisions**") set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 of the Listing Rules. During FY2023 1H, the Company has complied with the Code Provisions as set out in the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner, save and except for Code Provision C.2.1 of the CG Code.

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

As Mr. Raymond Liu is chairman ("**Chairman**") and chief executive officer ("**Chief Executive Officer**") of the Company from 18 September 2020, it constituted a deviation from code provision C.2.1 of the CG Code since 18 September 2020.

The Board considers that this is a very important phase of the Group's development and the Chief Executive Officer ought to be tasked with additional responsibilities to oversee, lead and steer the Group from a business perspective that covers the new businesses and was much broader than the Group's principal engagement in the distribution of cybersecurity products and the provision of cybersecurity services. Given the importance of the Group's expansion and diversification into new businesses, the Board considers that Mr. Raymond Liu is best suited to take up the additional responsibilities to oversee, lead and steer the Group from a business perspective that covers the new businesses and is broader than the Group's principal engagement in the distribution of cybersecurity products and the provision of cybersecurity services.

OTHER INFORMATION (continued)

The Board believes that Mr. Raymond Liu's extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group, and Mr. Raymond Liu, by assuming the roles of both Chairman and Chief Executive Officer, would allow efficient business planning and decision for the Group as a whole, which the Board believes is for the best interest of the Group and the shareholders of the Company.

By Order of the Board

Edvance International Holdings Limited

LIU Yui Ting Raymond

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 24 November 2022

As at the date of this report, 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 Director is Mr. Lo Wai Ho Ashley, and the independent non-executive Directors are Mr. Yu Kwok Chun Raymond, Mr. Ng Tsz Fung Jimmy, Mr. Chan Siu Ming Simon and Mrs. Wong Hung Flavia Yuen Yee.