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EDVANCE INTERNATIONAL HOLDINGS LTD: TARGET ASKS: FROM WHICH SHOP DID SENIOR MANAGEMENT <u>PURCHASE ITS BRAINS ?</u>

Sadly, it is a fact: Many, if not most, people never seem to learn the lessons of history.

Senior Management of Edvance International Holdings Ltd () (Code: 8410, The **G**rowth **E**nterprise **M**arket [the **GEM**] of The Stock Exchange of Hongkong Ltd) appears in league with those erstwhile speculators of the money and equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), those gentlemen and ladies, that is, who, quite obviously, never learned their lessons – until it was far too late.

And, by that time, most of their life savings had been transferred into the coffers of banks and finance houses, the salesmen and salesladies of which, having seduced the ignorant and innocent to engage in the purchase of highly-speculative derivative products, the aim of such seduction, beings, simply put, to increase the profits of their employers.

Edvance International Holdings Ltd issued and disseminated its Share Offer Prospectus on March 31, 2017, with dealing in the shares of the Company, having commenced on Wednesday, April 19, 2017.

The share price of this Company, to this day, has hardly moved passed the 32-cent Offer Price, but, had the Share Offer Prospectus been scanned and digested by prospective investors, those who did not apply for shares at the time of the Share Offering, the likelihood is that the share price would have fallen to much lower levels than those of today.

The reason for this prognostication of **TARGET** () is, inter alia, encapsulated in the following statement, contained at Appendix I-52 of the Share Offer Prospectus of Edvance International Holdings Ltd:

> ***'DERIVATIVE FINANCIAL INSTRUMENTS***
>
> *'During the year ended 31 March 2016, the Group entered into a US$/HK$ net-settled structured foreign currency forward contract with a bank in Hong Kong. The bank may terminate the contract at its sole discretion on 19 dates as specified in the contract. The Group did not account for this derivative financial instruments under hedge accounting.*
>
> *'The Group is required to settle with the bank monthly during contract period for designated notional amount. If the spot rate for conversion of US$ for HK$ as prevailing in the international foreign exchange market (''Spot Rate'') on determination date is higher than or equal to 7.7200, the Group will buy US$250,000 (the "Notional Amount 1") from the bank at 7.7200. If the spot rate on determination date is lower than 7.7200, the Group will buy US$500,000 ("Notional Amount 2") from the bank at 7.7200. Details of the contract are set out as below.*

			'Beginning	Ending
Notional	Notional		determination	determining

	Amount 1	Amount 2	Contract date	date	date
Structured foreign currency forward contract'	*US$250,000*	*US$500,000*	*17 March 2016*	*29 April 2016*	*29 March 2018*

If a **TARGET** Subscriber, on digesting the above Note 22, comes to the conclusion that this derivative financial instrument has all the hallmarks of a completely unnecessary gamble, this medium would be quite willing to concur.

But this is not the end of this medium's analysis of this anomaly because, earlier on in this Share Offer Prospectus, Management of the Company has stated that this derivative financial instrument is a '*low risk investment to utilise our idle cash to realise gain from the fluctuation in the exchange currency rate … During 1H2017* (First Half of the 2017 Financial Year), *we recorded a total gain of approximately HK$58,000 from such contract.*'

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