IBO TECHNOLOGY COMPANY LIMITED
艾伯科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2708)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

RESULTS HIGHLIGHTS

— Revenue for the six months ended 30 September 2018 was approximately RMB175.54 million, representing an increase of 95.8% as compared with approximately RMB89.65 million for the six months ended 30 September 2017.

— Gross profit for the six months ended 30 September 2018 was approximately RMB56.64 million, representing an increase of 86.7% as compared with approximately RMB30.33 million for the six months ended 30 September 2017. Gross profit margin for the six months ended 30 September 2018 was 32.3%, representing a decrease of 1.5 percentage points as compared with 33.8% for the six months ended 30 September 2017.

— Profit attributable to owners of the Company was approximately RMB23.06 million, increased by 1.3 times as compared with approximately RMB9.91 million for the six months ended 30 September 2017.

— Basic earnings per share for the six months ended 30 September 2018 was approximately RMB5.77 cents, representing an increase of 74.8% as compared with approximately RMB3.30 cents for the six months ended 30 September 2017.

UNAUDITED INTERIM RESULTS

The Board of the Company is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2018 (the "**Period**"), together with the comparative figures for the six months ended 30 September 2017 as below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**175,537**	89,649
Cost of sales and services rendered		**(118,899)**	(59,319)
Gross profit		**56,638**	30,330
Other income		**1,605**	1,033
Other expenses		**(400)**	(25)
Other gains and losses		**4,862**	450
Impairment losses, net of reversal		**(3,011)**	–
Distribution and selling expenses		**(1,121)**	(582)
Administrative expenses		**(24,467)**	(5,456)
Finance costs		**(981)**	(1,163)
Research and development expenses		**(3,553)**	(1,902)
Listing expenses		**–**	(8,398)
Profit before taxation		**29,572**	14,287
Income tax expense	*5*	**(6,511)**	(4,381)
Profit and total comprehensive income for the period attributable to owners of the Company	*6*	**23,061**	9,906
Earnings per share			
— Basic (RMB cents)	*8*	**5.77**	3.30
— Diluted (RMB cents)	*8*	**5.76**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	NOTES	**30 September 2018 (Unaudited)** ***RMB'000***	31 March 2018 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**5,332**	3,947
Investment properties		**19,200**	19,360
Intangible assets		**801**	–
Rental deposits		**1,163**	994
Prepayments for acquisitions of businesses		**13,500**	–
Deposits paid for acquisition of property, plant and equipment		**1,131**	–
		41,127	24,301
Current assets			
Inventories		**20,306**	1,245
Trade and other receivables	*9*	**222,370**	183,259
Contract assets		**11,845**	–
Amounts due from customers for contract works		**–**	2,199
Bank balances and cash		**63,515**	82,719
		318,036	269,422
Current liabilities			
Trade and other payables	*10*	**63,363**	57,466
Contract liabilities		**161**	–
Tax payables		**10,216**	9,373
Bank borrowings		**29,295**	6,500
		103,035	73,339
Net current assets		**215,001**	196,083
Total assets less current liabilities		**256,128**	220,384
Non-current liabilities			
Deferred tax liabilities		**6,751**	6,065
Bank borrowings		**681**	–
Bonds payables		**3,520**	–
		10,952	6,065
Net Assets		**245,176**	214,319
Capital and reserves			
Share capital		**3,349**	3,349
Reserves		**241,827**	210,970
Total Equity		**245,176**	214,319

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements 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 requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

Other than described as below and changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

2. IMPACTS AND CHANGES OF ACCOUNTING POLICIES

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources:

(1) Sales of Radio Frequency Identification ("**RFID**") equipment and electronic products (collectively the "**intelligent terminal products**");

(2) Provision of coordination, management and installation services;

(3) Provision of system maintenance services;

(4) Development of customised software

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

As at 1 April 2018, (i) amounts due from customers for contract works amounting to RMB2,199,000 and retention receivables amounting to RMB1,449,000 were reclassified to contract assets; and (ii) advances from customers amounting to RMB314,000 previously included in trade and other payables were reclassified to contract liabilities.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

The Group applies the HKFRS 9 simplified approach to measure expected credit losses ("**ECL**") which uses a lifetime ECL for all contract assets and trade receivables. To measure the ECL, contract assets and trade receivables have been assessed individually. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly include bank balance, other receivables and refundable rental deposits, are assessed on 12m ECL basis and there had been no significant increase in credit risk since initial recognition, except for these receivables which are past due over 30 days are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 April 2018, the additional credit loss allowance of RMB1,693,000 and related deferred tax credit of RMB254,000 has been recognised against retained profits. The additional loss allowance is charged against the respective assets.

3. REVENUE

Disaggregation of revenue

Types of goods or services

	Six months ended 30 September 2018 (Unaudited) *RMB'000*
Intelligent terminal products sales	**167,646**
Provision of coordination, management and installation services	**302**
Software development	**3,464**
System maintenance services	**4,125**
	175,537

Timing of revenue recognition

	Six months ended 30 September 2018				
	Intelligent terminal products sales *RMB'000*	**Provision of coordination, management and installation services** *RMB'000*	**Software development** *RMB'000*	**System maintenance services** *RMB'000*	**Total** *RMB'000*
A point in time	**167,646**	**–**	**–**	**–**	**167,646**
Over time	**–**	**302**	**3,464**	**4,125**	**7,891**
	167,646	**302**	**3,464**	**4,125**	**175,537**

4. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to Mr. Lai Tse Ming, being the chief operating decision maker ("**CODM**") of the Group for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments are as follow:

(i) Intelligent terminal products sales segment — sales of intelligent terminal products;

(ii) System integration segment — provision of tailor-made system solutions applying internet of things ("**IoT**") technologies of smart cities by provision of coordination, management and installation services, sale of intelligent terminal products as well as development of customised softwares;

(iii) Software development segment — development of customised softwares; and

(iv) System maintenance services segment — provision of system maintenance services.

The CODM considers the Group has four reportable and operating segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the six months ended 30 September 2018

	Intelligent terminal products sales *RMB'000*	**System integration** *RMB'000*	**Software development** *RMB'000*	**System maintenance services** *RMB'000*	**Total** *RMB'000*
REVENUE					
External sales	**163,438**	**4,510**	**3,464**	**4,125**	**175,537**
SEGMENT PROFIT (LOSS)	**51,404**	**(906)**	**2,392**	**794**	**53,684**
Unallocated income					**1,605**
Unallocated expenses					**(29,541)**
Finance costs					**(981)**
Unallocated other gains and losses					**4,862**
Unallocated impairment losses, net of reversal					**(57)**
Profit before taxation					**29,572**

For the six months ended 30 September 2017

	Intelligent terminal products sales *RMB'000*	System integration *RMB'000*	Software development *RMB'000*	System maintenance services *RMB'000*	Total *RMB'000*
REVENUE					
External sales	19,367	65,901	761	3,620	89,649
SEGMENT PROFIT	11,214	17,676	577	863	30,330
Unallocated income					1,033
Unallocated expenses					(16,363)
Finance costs					(1,163)
Unallocated other gains and losses					450
Profit before taxation					14,287

Segment profit represents the profit before taxation earned by each segment without allocation of other income, other expenses, other gains and losses, distribution and selling expenses, administrative expenses, finance costs, listing expenses, impairment losses related to other receivables and deposits and research and development expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and liabilities information is provided as no such information is regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

Geographical markets

As all the Group's revenue is derived from customers located in the PRC and all the Group's identifiable non-current assets are principally located in the PRC, no geographical segment information is presented.

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**5,571**	3,403
Withholding tax	**–**	1,350
	5,571	4,753
Deferred tax	**940**	(372)
	6,511	4,381

Hong Kong

No provision for Hong Kong Profits Tax was made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax during the current interim period (2017: nil).

PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "**PRC EIT Law**"), the statutory tax rate of PRC subsidiaries is 25% during the current interim period.

In November 2016, IBO Information renewed the High and New Technology Enterprise ("**HNTE**") by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality (the "**Shenzhen Local Taxation Administrator**") and Shenzhen Municipal office of the State Administration of Taxation and therefore is entitled to preferential tax rate of 15% up to November 2019 in accordance to the PRC EIT Law.

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period has been arrived at after charging:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Directors' remuneration:	**5,065**	790
Other staff costs:		
— Salaries and other allowances	**14,466**	5,445
— Retirement benefit scheme contributions	**714**	687
Total staff costs	**20,245**	6,922
Depreciation of property, plant and equipment	**623**	450
Capitalised in inventories	**(145)**	(104)
	478	346
Amortisation of intangible assets (included in administrative expenses)	**17**	–
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	**114,531**	55,732
Gross rental income from investment properties net of negligible direct operating expenses incurred for investment properties	**245**	278
Minimum operating lease rental expense in respect of rented premises	**2,844**	–
Impairment loss recognised in respect of trade receivables	**2,964**	–
Impairment reversed in respect of contract assets	**(10)**	–
Impairment loss recognised in respect of other receivables and rental deposits	**57**	–

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period (2017: nil), nor had any dividend been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

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

	Six month ended 30 September 2018 (Unaudited) *RMB'000*	2017 (Unaudited) *RMB'000*
Earnings:		
Earnings for the purpose of calculating basic earnings per share	**23,061**	9,906

	Six months ended 30 September 2018 *'000*	2017 *'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**400,000**	300,000
Effect of dilutive potential ordinary shares:		
Share options	**622**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**400,622**	N/A

The number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2017 has been determined on the assumption that the reorganisation as set out on the prospectus dated 14 December 2017 had been effective on 1 April 2017.

No diluted earnings per share for the six months ended 30 September 2017 was presented as there were no potential ordinary shares in issue for the six months ended 30 September 2017.

9. TRADE RECEIVABLES

The Group allows credit period ranging from 30 days to 180 days which are agreed with each of its trade customers.

The following is an aged analysis of trade receivables presented based on date of delivering of goods/payment certificates/invoice dates at the end of the reporting period:

	30 September 2018 (Unaudited) *RMB'000*	31 March 2018 (Audited) *RMB'000*
0–30 days	**59,417**	26,226
31–90 days	**66,936**	8,395
91–180 days	**81**	17,775
181–365 days	**18,878**	29,401
Over 365 days	**47,711**	21,752
	193,023	103,549

10. TRADE PAYABLES

The credit period on trade payables ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on the receipts of goods or services/ payment certificates/invoice dates at the end of the reporting period:

	30 September 2018 (Unaudited) ***RMB'000***	31 March 2018 (Audited) *RMB'000*
0–30 days	**21**	5,590
61–90 days	**6,474**	1,317
Over 90 days	**30,770**	30,611
	37,265	37,518

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing comprehensive IoT intelligent terminal product applications and solutions services in the PRC. The Group's businesses can be categorised into four segments, namely (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services. The customers of the Group are primarily based in the PRC, coming from both the public and private sectors in the PRC, such as governmental authorities, large-scale state-owned enterprises and private enterprises.

Revenue breakdown by business segment:

	For the six months ended 30 September			
	2018		2017	
	(Unaudited)		(Unaudited)	
	RMB'000	*%*	*RMB'000*	*%*
System integration	**4,510**	**2.6**	65,901	73.5
Intelligent terminal products sales	**163,438**	**93.1**	19,367	21.6
Software development	**3,464**	**2.0**	761	0.8
System maintenance services	**4,125**	**2.3**	3,620	4.1
Total	**175,537**	**100.0**	89,649	100.0

System Integration

During the Period, affected by the cyclical business adjustment, coupled with a delay in implementation of some projects to the second half of the year, the Group recorded a revenue of approximately RMB4.51 million, representing a decrease of approximately 93.2% as compared with the corresponding period of last year, accounting for 2.6% of the Group's total revenue. Based on analysis and assessment of customers' needs, the Group provides comprehensive and tailor-made system solutions applying IoT and related technologies to its customers, including overall system planning, development and design, procurement of system equipment, integration of software and hardware devices of the system, system implementation, trial operation and system management and maintenance, etc.

During the Period, the Group's cooperation project included the design and construction of corresponding products and equipment for a Guangdong-based company principally engaged in a campus security training and management with "Security Control Platform System Projects for Primary and Secondary Schools in Guangdong Province", as well as related installation and commissioning services.

Intelligent Terminal Products Sales

During the Period, the Group was committed to developing, producing and selling customised IoT intelligent terminal products to its customers. In line with a growing demand for IoT products in China in recent years, the Group secured and supplied electronic products to new customers during this Period , thereby spurring a robust growth in the intelligent terminal products sales. As a result, the Group's revenue significantly increased by approximately 7.4 times year-on-year to approximately RMB163.44 million, and accounted for 93.1% of the Group's total revenue, thus representing a major growth engine of the Group. During the Period, the Group's major clients included (i) a Beijing-based technology company mainly engaged in IoT (to which the Group sold electronic products, including fiber optical transceivers, fiber interface boards, optical line termination and optical network unit, in addition to providing one year of maintenance services); (ii) a Beijing-based technology company (to which the Group sold electronic products, including RFID scanning devices, RFID Equipment Management Software, Integrated Video Supervisory and Control System software, in addition to providing one year of maintenance services); and (iii) a Shanghai-based data service provider (to which the Group sold electronic products, including smart IC cards, RFID tags, RFID scanning equipment, equipment management software, active electronic tags, in addition to providing one year of maintenance services). Furthermore, major cooperation agreements were concluded with the related clients during the Period.

Software Development

During the Period, revenue from customised software application development services of the Group also recorded a satisfactory growth, representing a significant increase by approximately 3.6 times year-on-year to approximately RMB3.46 million and accounting for 2.0% of the Group's total revenue. In line with the business and management requirements of its customers, the Group planned and designed the software system framework and functions list alongside customized software application development services, for its customers. During the Period, its major projects and cooperation agreements included software developed for a Guangdong-based company engaged in campus security training and management for "Security Control Platform System Projects for Primary and Secondary Schools in Guangdong Province" referred to in the previous paragraph. As for this project, the Group was responsible for the six phases or processes involving software development, and its services included demand analysis, system structure design, coding and local configuration, local comprehensive testing, implementation and delivery, and provision of remote online assistance.

System Maintenance Services

During the Period, the Group provided system maintenance services for both the software and hardware of information systems encompassing maintenance and management for system devices, database maintenance, daily monitoring on the systems and system upgrades, and revenue of the segment increased by approximately 14.1% year-on-year to approximately RMB4.13 million, accounting for 2.3% of the Group's total revenue. The Group provided information systems maintenance services to a PRC state-owned petroleum company in the Period as representative systems maintenance services of the Group, which involved petrol filling IC card system and convenience store management system of more than 2,000 gas stations, such as the maintenance of point of sale ("**POS**") terminals, consumption POS machines, operating systems, database systems and related software, data maintenance and technical training.

FINANCIAL REVIEW

Revenue

The Group's revenue increased significantly by 95.8% to approximately RMB175.54 million for the Period as compared with corresponding period of last year (corresponding period of 2017: approximately RMB89.65 million), mainly attributed to a robust growth in revenue of intelligent terminal products sales business including the significant growth of sales to an IoT technology company situated in Beijing, as well as the Group's sales of electronic products to its newly secured clients in Beijing and Shanghai (which are engaged in technology and data services, respectively), which contributed considerable revenue to the Group for the Period, as well as offsetting the impact brought by a decline in revenue from the system integration business.

Gross profit and gross profit margin

The Group's gross profit increased significantly by 86.7% to approximately RMB56.64 million for the Period (corresponding period of 2017: approximately RMB30.33 million). The increase in gross profit was mainly attributable to a significant increase in the overall revenue driven by a robust growth in revenue from sales of intelligent terminal products business. The gross profit margin did not indicate significant changes as compared with corresponding period of last year.

Other income

The Group's other income for the Period mainly included (i) interest income from bank deposits; (ii) rental income; (iii) government grants; and (iv) commission income. Other income increased by 56.3% to approximately RMB1.61 million for the Period (corresponding period of 2017: approximately RMB1.03 million). Such change was mainly due to an increase in revenue from government grants.

Other expenses

During the Period, the Group's other expenses increased by 12.3 times to approximately RMB0.40 million (corresponding period of 2017: approximately RMB0.03 million), which included expenses on acquisition activities. For details, please see the section headed "Material Acquisition and Disposal of Subsidiaries and Affiliated Companies — Material Acquisitions in Progress During the Period" in this announcement below.

Other gains and losses

The Group's other gains and losses for the Period mainly comprised of net exchange differences and changes in fair value of investment properties. Other net gains amounted to approximately RMB4.86 million for the Period (corresponding period of 2017: net gain of approximately RMB0.45 million) mainly due to the movement of exchange rate of RMB during the Period.

Impairment losses, net of reversal

During the Period, the Group's impairment losses, net of reversal, were approximately RMB 3.01 million (corresponding period of 2017: nil), including ECL for trade and other receivables.

Distribution and selling expenses

The Group's distribution and selling expenses increased by 93.1% to approximately RMB1.12 million for the Period (corresponding period of 2017: approximately RMB0.58 million) mainly due to the increase in staff salaries and welfare benefits as a result of the increased headcount of sales personnel to support the robust business growth in the Period.

Administrative expenses

The Group's administrative expenses increased by 3.5 times to approximately RMB24.47 million for the Period (corresponding period of 2017: approximately RMB5.46 million), mainly due to: (i) an increase in the relevant legal, professional and promotional fees arising from compliance by the Company with the additional regulations and rules regarding its Listing of the Shares on the Main Board on 28 December 2017; (ii) an increase in staff salaries and welfare benefits caused by the increase in number of administrative staff; (iii) the grant by the Company of in aggregate 40,000,000 share options, 30% of which are exercisable on the date of grant, to grantees to subscribe for the same number of ordinary Shares of HK$0.01 each in the capital of the Company on 29 June 2018; (iv) rising rental expenses for larger office space due to relocation of the principal place of business in Hong Kong of the Company to 23/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong on 20 June 2018 to satisfy business development requirements.

Finance costs

The Group's finance costs decreased by 15.5% to approximately RMB0.98 million for the Period (corresponding period of 2017: approximately RMB1.16 million), mainly due to less interest expense accrued from bank borrowings for the Period as compared to the corresponding period of 2017, resulting from a decrease in the amount of bank borrowings.

Research and development expenses

The Group's research and development expenses increased by 86.8% to approximately RMB3.55 million for the Period (corresponding period of 2017: approximately RMB1.90 million), which was mainly due to more focus was placed on the research and development to further broaden the expertise and resources of the Group as a whole , as well as the abovementioned expenses of the share options.

Income tax expense

The Group's income tax expense increased by 48.6% to approximately RMB6.51 million for the Period, mainly as a result of the Group's increased profit before taxation. The Group's effective tax rate decreased by 8.7 percentage points to approximately 22.0% which was mainly due to tax effect of expenses not deductible for tax purposes (mainly including Listing expenses) for the corresponding period in 2017.

Profit and total comprehensive income and net profit margin for the Period

As a result of the foregoing, the Group's profit and total comprehensive income increased by 1.3 times to approximately RMB23.06 million for the Period (corresponding period of 2017: approximately RMB9.91 million). The Group's net profit margin increased by 2.1 percentage points to approximately 13.1% (corresponding period of 2017: 11.0%), which was mainly due to the listing expenses incurred for the corresponding period of 2017.

Prepayments for Acquisitions of Businesses

The prepayments represent the amounts made for the acquisitions of the Target Company which were announced on 13 September 2018.

Capital Structure, Liquidity and Financial Resources

The Group adopted strict financial management policy, and its financial position remained sound. As at 30 September 2018, the Group's net current assets were approximately RMB215.00 million (31 March 2018: approximately RMB196.08 million).

As at 30 September 2018, the Group's bank balances and cash was approximately RMB63.52 million (31 March 2018: approximately RMB82.72 million). The current ratio (current assets to current liabilities) was approximately 3.1 times (31 March 2018: approximately 3.7 times).

As at 30 September 2018, the Group's total bank borrowings was approximately RMB29.98 million (31 March 2018: approximately RMB6.50 million).

On 31 August 2018, the Company, as an issuer, entered into the placing agreement with Eternal Pearl Securities Limited who acted as the placing agent. The placing agent has conditionally agreed to procure, on a best effort basis, independent placees to subscribe in cash for the bonds of an aggregate principal amount of HK$150,000,000. As of 30 September 2018, the Company issued bonds with an amount of HK$4,000,000 (being approximately RMB3.52 million). The bonds are transferable subject to the consent from the Company. The bonds will become due on the third anniversary of the issue date of the bonds. The bonds bear interest at a rate of 7% per annum, payable annually in arrears.

Gearing Ratio

As at 30 September 2018, the Group's gearing ratio (calculated by dividing total borrowings (including bank borrowings and bonds payables) by total equity) was approximately 13.7% (31 March 2018: approximately 3.0%).

Capital Expenditure

For the Period, the Group's capital expenditure increased by 27.3 times to approximately RMB2.83 million (corresponding period of 2017: approximately RMB0.10 million), which mainly represented expenses from purchase of office equipment, transportation equipment and club membership.

Capital Commitment

As at 30 September 2018, the Group had no significant capital commitment (31 March 2018: nil).

Currency Risk

The Group had exposure to fluctuations in exchange rates because some monetary assets and monetary liabilities are denominated in currencies other than functional currency. The Group currently does not have a foreign currency hedging policy. However, the Directors will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

Contingent Liabilities

As at 30 September 2018, the Group did not have any material contingent liabilities (31 March 2018: nil).

Pledge of Group's Assets

As at 30 September 2018 and 31 March 2018, all of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

Material Acquisitions in Progress During the Period

On 13 and 20 September 2018, the Group entered into the agreements with independent third parties to acquire 51.7321% ownership of the Target Company (the "**Acquisitions**") which will indirectly wholly own Weitu Group upon completion of the Reorganisation. As of 30 September 2018, the Acquisitions are still in progress. However, the management expects the Acquisitions to be completed by the end of 2018.

The Directors consider that the Acquisitions would create cross-selling opportunities as the Company and Weitu Group both target same group of clients serving government departments, enterprises and institutions. It is expected that the Company and Weitu Group could introduce customers to each other with expanded client base and synergistic effects. The Company can also provide ancillary services to the existing clients of Weitu Group to strengthen its client base. Therefore, strengthening and expanding the Company's client base are the benefits that could be brought to the Company from the Acquisitions.

Weitu Group also has a professional team comprising 28 professionals experienced in research and development of geographic information system in over 26 subfields. The Acquisitions would enable the Company and Weitu Group to provide more comprehensive solutions to their customers as their solutions could be consolidated with increased competitiveness and higher profit margin.

In view of the abovementioned benefits that are expected to be brought to the Company from the Acquisitions, including the business prospects and the business synergies, the Board regards that the Acquisitions are in the interests of the Company and the Shareholders as a whole.

Weitu Group

Weitu Group has been recognised with numerous awards, including Certificate for Recognised Software Enterprise (軟件企業認定證書) and Certificate for Recognised Software Products (軟件產品認定證書). Weitu Group has also established a large and diversified client base covering government departments, state-owned holding enterprises, state-owned enterprises, listed companies and private enterprises, etc.

Weitu Technology and Yunwei Network are both companies established in the PRC with limited liability. They are national high-tech enterprises specialising in providing cloud services and integrated solutions for urban public service administration Software-as-a-Service ("**SaaS**").

With over 10 years of accumulation of technology and experience in software system construction and service for urban public service administration, they are fully devoted to the design, research and development, sales, implementation and operation of cloud services and integrated solutions for urban public service administration SaaS.

Their products and services cover over 26 subfields in urban public service administration, including but not limited to urban water supply and drainage, electric power, telecommunication, water conservancy, land, real estate, transportation, public security, urban management, fuel gas, rail transit, industrial park, estate management, environmental protection and hospital, providing users with high-quality and professional full life circle cloud services and integrated solutions for industry management SaaS. They also have intellectual property rights for 4 registered trademarks and more than 50 registered computer software copyrights.

Hunan Yingding is a company established in the PRC with limited liability. Its approved scope of business covers, amongst others, research and development of network technology, integration and construction of location-based information system, geographic information system engineering, software technology transfer, software technology services, data processing and storage services and retail sale of communication equipment and electronic products.

Fangyu Yunwei is a company established in the PRC with limited liability. Its approved scope of business covers, amongst others, technology development, technical services, technology consulting and technology transfer in the field of IoT technology, processing, wholesale and retail of identification and industrial automation equipment, wholesale and retail of computer, software and auxiliary equipment (except computer information system security products) and communication equipment (except satellite TV broadcasting, ground receiving equipment) and development of computer software.

Details are set out in the announcements of the Company dated 13 and 21 September 2018. The Company will make further announcement as and when appropriate in accordance with the Listing Rules.

Material Disposal

During this Period, the Group did not have any material disposal of subsidiaries or associates.

Significant Investment

Save as disclosed in the above section headed "Material Acquisitions in Progress During the Period" in this announcement, the Group did not have any other significant investment during the Period.

Future Plans for Significant Investments and Capital Assets

The Group is currently exploring and identifying investment and acquisition opportunities in the IoT market, and intends to use its internal resources and issuance of bonds to fund for its business expansion.

Employee and Remuneration Policy

As at 30 September 2018, the Group employed a total of 162 employees (30 September 2017: 147 employees). During the Period, staff costs (including Directors' emolument) was approximately RMB20.25 million (corresponding period of 2017: approximately RMB6.90 million). By strictly following the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law (《勞動合同法》) and Labour Dispute Mediation and Arbitration Law (《勞動爭議調解仲裁法》), the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religious and disability. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group regularly reviews remuneration policies and welfares of its employees.

MAJOR AWARDS AND CERTIFICATES

Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/ Certified by
Certificate of Security and Protection Engineering Enterprise in Design, Construction and Maintenance Ability Assessment	IBO Information being accredited the First Degree Certificate of Security and Protection Engineering Enterprise in Design, Construction and Maintenance Ability Assessment	16 April 2018 to 15 April 2021	China Security and Protection Industry Association (中國安全防範產品行業協會)
Membership Certificate	IBO Information being admitted as the general membership unit of "AII, Alliance of Industrial Internet"	11 June 2018	AII, Alliance of Industrial Internet (工業互聯網產業聯盟)
Credit Rating Certificate	IBO Information being awarded the *AAA* credit rating	3 September 2018 to 2 September 2019	Shenzhen Nanfang Credit Rating Co., Ltd. (深圳南方資信評估有限公司), which is a credit rating agency registered with Shenzhen Central Sub-branch of the People's Bank of China
Certificate of Intellectual Property Rights Management System Rectification	IBO Information is hereby certify that it complies with the intellectual property management system standard: GB/T 29490-2013 The scope of such certification passed including the intellectual property rights management on development and sales as well as procurement related to the above process in terms of computer application software (IoT city public safety management area)	25 September 2018 to 24 September 2021	Zhong Gui (Bei Jing) Certification Limited

Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/ Certified by
Membership certificate	IBO Information is granted the 2018 membership of "Guangdong Market Institute of Guangdong Province"	2018	Guangdong Market Institute of Guangdong Province

In addition, Mr. Teng Feng, the executive Director of the Company, was granted the Outstanding Contribution Award for the Electronic Supervision System Construction of Urumqi Municipal Liquefied Petroleum Gas Cylinder on 8 June 2018 by Urumqi Bureau of Quality and Technical Supervision.

ENTERING INTO MEMORANDUM OF INDUSTRY-ACADEMIA RESEARCH COOPERATION

During this Period, the Group, through its subsidiary IBO Information, intended to cooperate with the School of Computer Science of Wuhan University* (武漢大學計算機學院) to establish a long-term and stable strategic cooperative partnership by entering into a non-legally binding memorandum of cooperation (the "**Memorandum**") for a term of three years and setting up the "IBO Information. Wuhan University IoT Joint R&D Centre* (艾伯資訊 • 武漢大學物聯網聯合研 發中心)".

The foundation of the strategic cooperative partnership is the mutual trust, practice and tacit understanding developed in the cooperation, while its objective and fundamental interests are efficiency enhancement and common development respectively. R&D and innovation efforts are to be made in such cutting-edge technologies as artificial intelligence (AI), big data applications and intelligent software.

The purposes of the cooperation made full use of respective advantages, enhancing information and resource sharing, leading better communication and maintaining high-trust relationship between the strategic partners, so as to gain greater competitive advantage and achieve enhancement and improvement on costs, management, services, users' satisfaction and financial results. Leveraging on the strengths on scientific research technology and talents of the School of Computer Science of Wuhan University, IBO Information is provided with a pool of experts and good supply of R&D staff. The parties established a characteristic research center by way of project cooperation, resource integration, outcome sharing, technical training, talent development and communication.

* *for identification purpose only*

The Memorandum is a non-legally binding document and the basis of the long-term strategic cooperation between IBO Information and the School of Computer Science of Wuhan University. The parties entered into a formal contract for each specific cooperation project. In the event of any inconsistency, the specific contract shall prevail. According to the Memorandum, the parties may continuously expand the scope of cooperation depending on market conditions and development needs. To the best knowledge, information and belief of the Directors having made all reasonable enquires, the School of Computer Science of Wuhan University is independent of the Company and its connected persons (as defined in the Listing Rules).

BUSINESS OUTLOOK AND STRATEGIES

In recent years, the IoT market size in China has grown rapidly. According to the "Supporting Report on Construction Industry Development Trend and Investment Decision on China's Smart City from 2018-2023" issued by the Prospects Industry Research Institute, as of the end of 2016, 100%, 89%, and 49% of cities at the sub-provincial level and above, prefecture level and above, county-level, respectively, have already commenced their smart city development. The number of prefecture-level cities has exceeded 300 with a planned investment amounting to RMB 3 trillion and a construction investment amounting to RMB 600 billion. Meanwhile, amid a growing attention by local governments to city public safety construction, as well as an increasing demand for public safety management in Chinese cities, the Group will secure favorable market opportunities by constantly fixating on this sector development.

To continue existing business expansion and diversify income stream

Following introduction of guidelines for a healthy development of national smart cities, innovative business models continue emerging amid the relevant expanding market size. The involvement and advancement of market forces has increasingly encouraged the differentiation of the smart city development, as well as a wide spread of related applications. Due to government policy and support, as well as a rapid development in the industry, lean city management has continued forward throughout the country, gradually cultivating further development of in-depth applications of smart cities. In response to the market demand, the Group continues its vertical expansion of core businesses, while committing itself to seizing good opportunities arising from a prospering market. Horizontally, the Group seeks new business growth momentums to diversify its income stream.

To strengthen the research and development of core technologies to upgrade our products and services

With ongoing continuous scientific research, the Group has completed research and development of fire protection products and systems, smart parking systems, and other projects. Some of our products were exhibited at the 10th International Internet of Things Exhibition ("IOTE") in 2018, receiving positive recognition. In terms of new products, by consolidating with IoT and blockchain technologies, the Group is engaged in the research and development of an anti-counterfeiting traceability system, which allows consumers to verify products over their mobile phone due to their anti-counterfeiting requirements for online shopping in the future.

During the Period, the Group cooperated with Wuhan University to establish an Internet R&D Center, which will continue to focus on research and development of artificial intelligence (AI), big data and intelligent software. In return, the R&D achievements were transformed into products and services, enabling the Group to foray into the city public safety management industry in the future and meet diverse customised requirements.

To strengthen marketing efforts to secure new customers

The Group has continued to increase its investments in marketing to secure new customers and expand market shares. During the Period, the Group completed the development of the fire safety management system, which had been commissioned in a school in Shenzhen and a building in Xinjiang. It is expected that such product will soon be introduced to the market, while our self-developed intelligence parking system will be put into trial in Hebei Province in the fourth quarter. Furthermore, the driver identification system will be launched to the market according to our schedule.

To continue expanding to various sectors of the "Smart City" market

The Group strives to become the leading integrated IoT intelligence terminal product application and solution services provider in the "Smart City" market. Capitalising on the experience in IoT application, system integration and system maintenance, the Group plans to extend to other sectors in the "Smart City" market, including smart wearables, anti-counterfeiting product traceability, smart transportation, cloud platform for urban public service administration Software-as-a-Service ("SaaS"), etc. In line with the ongoing development of the "Smart City" construction, the Group will in the future commence strategic cooperation with large-scale IT companies in projects with a high growth potential for market segments of the "Smart City" construction, becoming a contributor to the "Smart City" development.

To explore beneficial strategic investment opportunities

According to the 2017-2018 Annual Report on the Development of Internet of Things in China (2017-2018年中國物聯網發展年度報告) issued by China Economic Information Service in September 2018, the compound annual growth rate of China's IoT industry had exceeded 25% from 2013 to 2017. Closely following the IoT market demand, the Group continues to identify investment opportunities in the upstream and downstream sectors on the IoT industry chain to improve its operational efficiency, thereby maintaining our leading position in the IoT technology application market. Meanwhile, the Group will also establish strategic partnership with prominent internet-enabled companies and e-commerce platforms to complement each other, enhance the integration of various resources, promote product and service innovation and strengthen business continuity to secure a mutually beneficial outlook while enhancing business growth and strength.

The Group is exploring opportunities for acquisition to expand its existing businesses and promote diversified development to improve Shareholders' returns.

The global IoT market presents a rapid development momentum, ushering in its golden age. The Group will continue to strengthen technological innovation, expand market share and seize favorable market opportunities.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that had occurred after 30 September 2018 and up to the date of this announcement.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company issued 100,000,000 new Shares for the Listing at the offer price of HK$1.5 per Share. The net proceeds from the Listing, after deducting underwriting commissions and Listing related expenses, were approximately RMB88 million.

As of 30 September 2018, the Group has utilised a total of approximately RMB76.72 million from the net proceeds, and net proceeds have been used in the manner set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 14 December 2017. The unutilised net proceeds from global offering have been deposited in a licensed bank in Hong Kong. The utilisation of net proceeds was summarized as below:

	Original allocation of net proceeds from global offering		**Actually utilised amount as of 30 September 2018**	**Unutilised amount as of 30 September 2018**
	%	*RMB'000*	*RMB'000*	*RMB'000*
Used for actively expanding our businesses through extending the application of our technologies into different sectors of the "Smart City" market from 2017 to 2018	54.3	47,784	47,784	0
Used for identifying beneficial strategic investment opportunities from 2017 to 2019	19.4	17,072	13,500	3,572
Used for further enhancement of our R&D development capability, in technologies including but not limited to digital driver and vehicle identification, face detection and digital monitoring of gas cylinders technologies from 2017 to 2019	16.3	14,344	6,633	7,711
Used for additional working capital and other general corporate purpose	10.0	8,800	8,800	0
	100.0	88,000	76,717	11,283

PURCHASE, SALE OR REDEMPTION OF SHARES

For the Period, the Company has not redeemed any of its Shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company consists of three independent non-executive Directors, namely Mr. Hung Muk Ming (Chairman), Dr. He Tianxiang and Dr. Wong Kwok Yan. The Company's unaudited interim results for the six months ended 30 September 2018 have been reviewed by the audit committee. The audit committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosures have been made.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Listing Rules for the six months ended 30 September 2018. The Board and the management of the Group consider that maintaining a well-established corporate governance practices and procedures is the key to success.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted our Company's Code on terms no less exacting than the required standard set out in the Model Code. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code during the six months ended 30 September 2018.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: Nil).

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Company's website (www.ibotech.hk) and the website of the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 September 2018 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

I would like to express my sincere gratitude to the wise leadership of the Board, the solid support of the Shareholders and the dedication of all our staff. Looking forward to the future, we will strive to provide customers with better quality products and services and expect to bring the Group a brighter future through working together.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	IBO Technology Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2708)

"Company's Code"	a code of conduct regarding Directors' transactions in securities of the Company
"Director(s)"	the director(s) of the Company
"Fangyu Yunwei"	Jiangxi Fangyu Yunwei Network Technology Co., Ltd.* (江西方宇運維網絡科技有限公司), a company established in the PRC with limited liability
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hunan Yingding"	Hunan Yingding Network Co., Ltd.* (湖南盈鼎網絡有限公司), a company established in the PRC with limited liability
"IBO Information"	IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a wholly-owned subsidiary of the Company
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	Main Board of the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region
"Reorganisation"	the corporate reorganisation of the Target Group
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company

* *for identification purpose only*

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Bright Leap Limited (明躍有限公司), a company incorporated in the BVI with limited liability
"Target Group"	the Target Company and its subsidiaries
"Weitu Group"	collectively, Weitu Technology, Yunwei Network, Hunan Yingding and Fangyu Yunwei
"Weitu Technology"	Shenzhen Weitu Technology Development Co., Ltd.* (深圳市偉圖科技開發有限公司), a company established in the PRC with limited liability
"Yunwei Network"	Shenzhen Yunwei Network Co., Ltd.* (深圳市運維網絡有限公司), a company established in the PRC with limited liability
"%"	per cent.

By order of the Board
IBO Technology Company Limited
Lai Tse Ming
Chairman

Hong Kong, 29 November 2018

As of the date of this announcement, the Board of the Company comprises Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Lyu Huiheng as executive Directors; and Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming as independent non-executive Directors.

* *for identification purpose only*