ibotech 艾伯科技

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

RESULTS HIGHLIGHTS

— Revenue for the year ended 31 March 2019 was approximately RMB298.92 million, representing an increase of 40.5% as compared with approximately RMB212.70 million for the year ended 31 March 2018.

— Gross profit for the year ended 31 March 2019 was approximately RMB101.30 million, representing an increase of 17.5% as compared with approximately RMB86.22 million for the year ended 31 March 2018. Gross profit margin for the year ended 31 March 2019 was 33.9%, representing a decrease of 6.6 percentage points as compared with 40.5% for the year ended 31 March 2018.

— Profit attributable to owners of the Company was approximately RMB33.95 million, representing a decrease of 4.3% as compared with approximately RMB35.48 million for the year ended 31 March 2018.

— Basic earnings per share for the year ended 31 March 2019 was approximately RMB8.49 cents, representing a decrease of 22.0% as compared with approximately RMB10.89 cents for the year ended 31 March 2018.

ANNUAL RESULTS

The Board of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2019 (the "**Year**"), together with the comparative figures for the year ended 31 March 2018 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*3*	**298,916**	212,700
Cost of sales and services rendered		**(197,613)**	(126,480)
Gross profit		**101,303**	86,220
Other income		**5,675**	5,522
Other expenses		**(909)**	(2,552)
Other gains and losses		**3,677**	(4,032)
Impairment losses, net of reversal		**172**	–
Distribution and selling expenses		**(3,123)**	(1,698)
Administrative expenses		**(51,668)**	(15,719)
Finance costs		**(2,802)**	(1,868)
Research and development expenses		**(5,321)**	(2,005)
Listing expenses		**–**	(15,431)
Profit before taxation		**47,004**	48,437
Income tax expense	*4*	**(12,064)**	(12,961)
Profit and total comprehensive income for the year	*5*	**34,940**	35,476
Profit and total comprehensive income for the year attributable to			
— Owners of the Company		**33,951**	35,476
— Non-controlling interests		**989**	–
		34,940	35,476
Earnings per share			
— Basic (RMB cents)	*7*	**8.49**	10.89
— Diluted (RMB cents)	*7*	**8.47**	10.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**8,312**	3,947
Investment properties		**20,500**	19,360
Goodwill		**44,157**	–
Intangible assets		**67,162**	–
Financial assets at fair value through profit or loss		**460**	–
Rental deposits		**578**	994
		141,169	24,301
Current assets			
Inventories		**51,897**	1,245
Trade and other receivables	*8*	**240,984**	183,259
Contract assets		**12,215**	–
Amounts due from customers for contract works		**–**	2,199
Amount due from a related company		**38**	–
Amounts due from non-controlling interests		**197**	–
Financial assets at fair value through profit or loss		**7,793**	–
Bank balances and cash		**61,684**	82,719
		374,808	269,422
Current liabilities			
Trade and other payables	*9*	**73,840**	57,466
Amounts due to non-controlling interests		**13,681**	–
Tax payables		**17,313**	9,373
Bank borrowings		**25,109**	6,500
Consideration payable		**17,810**	–
		147,753	73,339
Net current assets		**227,055**	196,083
Total assets less current liabilities		**368,224**	220,384

	2019	2018
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred tax liabilities	**22,559**	6,065
Bank borrowings	**523**	–
Bonds payables	**26,727**	–
Consideration payable	**26,714**	–
	76,523	6,065
	291,701	214,319
Capital and reserves		
Share capital	**3,349**	3,349
Reserves	**258,150**	210,970
Equity attributable to owners of the Company	**261,499**	214,319
Non-controlling interests	**30,202**	–
Total Equity	**291,701**	214,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL AND BASIS OF PRESENTATION

IBO Technology Company Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with the name of China Security Control Company Limited. Pursuant to a special resolution of the Company dated 15 June 2017, the name of the Company was changed from China Security Control Company Limited to IBO Technology Company Limited. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 December 2017 (the "**Listing**"). The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 23/F, Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong respectively. Its immediate and ultimate holding company is Shine Well. The ultimate controlling shareholder of the Group is Mr. Lai Tse Ming, who is also an executive director of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in sale of Radio Frequency Identification ("**RFID**") equipment and electronic products (collectively the "**intelligent terminal products**"), provision of system maintenance services, development of customised softwares and provision of coordination, management and installation services of smart cities, as well as collection, process and storage of data, text and graphics.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to the HKFRSs and the interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 “Revenue from Contracts with Customers”

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

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.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of intelligent terminal products;
- Provision of coordination, management and installation services;
- Provision of system maintenance services; and
- Development of customised software.

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.

HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities, ii) expected credit losses (“**ECL**”) for financial assets and iii) general hedge accounting.

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 under ECL model) 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”.

All financial assets classified as loans and receivables under HKAS 39 have been reclassified to financial assets at amortised cost.

The adoption of HKFRS 9 does not have any impact on the classification and measurement of financial liabilities.

The Group applies the HKFRS 9 simplified approach to measure 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. 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 estimated that the expected loss rates for the trade receivables and the contract assets on the same basis.

Loss allowances for other financial assets at amortised cost mainly include bank balances and other receivables are assessed based on twelve months ECL basis as there had been no significant increase in credit risk since initial recognition, except for 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, 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 AND SEGMENT INFORMATION

Revenue for the year ended 31 March 2019

Disaggregation of revenue

Types of goods or services

	For the year ended 31 March 2019 *RMB'000*
Intelligent terminal products sales	252,937
Provision of coordination, management and installation services of smart cities	4,388
Software development	31,355
System maintenance services	10,236
Total revenue from contracts with customers	298,916

Segment revenue and results

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 currently 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 operating and reportable 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:

	Intelligent terminal products sales *RMB'000*	System integration *RMB'000*	Software development *RMB'000*	System maintenance services *RMB'000*	Total *RMB'000*
For the year ended 31 March 2019					
REVENUE					
External sales	245,198	12,141	31,341	10,236	298,916
SEGMENT PROFIT	77,814	2,691	17,782	3,188	101,475
Unallocated income					5,675
Unallocated expenses					(61,021)
Finance costs					(2,802)
Unallocated other gains and losses					3,677
Profit before taxation					47,004
For the year ended 31 March 2018					
REVENUE					
External sales	97,736	95,242	8,723	10,999	212,700
SEGMENT PROFIT	45,837	28,744	6,853	4,786	86,220
Unallocated income					5,522
Unallocated expenses					(21,974)
Finance costs					(1,868)
Listing expenses					(15,431)
Unallocated other gains and losses					(4,032)
Profit before taxation					48,437

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 and research and development expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. Therefore, only segment revenue and segment results are presented.

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 information

As all the Group's revenue is derived from customers located in the PRC and all the Group's identifiable non-current assets (excluding financial assets at fair value through profit or loss) are principally located in the PRC, no geographical segment information is presented.

4. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
Hong Kong	**299**	–
PRC Enterprise Income Tax ("**EIT**")	**12,306**	10,245
Withholding tax	**–**	1,350
	12,605	11,595
Deferred tax	**(541)**	1,366
	12,064	12,961

5. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging (crediting):

	2019	2018
	RMB'000	*RMB'000*
Directors' remuneration:		
— Fees	**2,657**	623
— Salaries and other allowances	**1,921**	1,465
— Retirement benefit scheme contributions	**190**	168
— Equity-settled share-based payments	**4,401**	–
Other staff costs:		
— Salaries and other allowances	**17,361**	11,840
— Retirement benefit scheme contributions	**1,809**	1,167
— Equity-settled share-based payments	**8,802**	–
Total staff costs	**37,141**	15,263
Auditor's remuneration	**2,494**	2,101
Surcharges on overdue payments to governmental authorities and compensation expenses	**–**	498
Depreciation of property, plant and equipment	**1,714**	917
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	**6,524**	–
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	**171,996**	116,960
Gross rental income from investment properties net of negligible direct operating expenses incurred for investment properties	**508**	490
Minimum operating lease rental expense in respect of rented premises	**5,413**	2,966

6. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2019, nor had any dividend been proposed since the end of the reporting period.

7. EARNINGS PER SHARE

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

	2019	2018
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**33,951**	35,476

	2019	2018
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**400,000**	325,753
Effect of dilutive potential ordinary shares:		
Over-allotment options	**–**	122
Share options	**765**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**400,765**	325,875

The number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2018 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.

8. 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:

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**96,078**	26,226
31–90 days	**12,909**	7,995
91–180 days	**37,177**	16,952
181–365 days	**3,075**	29,351
Over 365 days	**5,383**	21,576
	154,622	102,100

9. 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:

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**11,113**	5,590
61–90 days	**821**	1,317
Over 90 days	**28,650**	30,611
	40,584	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 mainly engages in four business segments, namely (i) intelligent terminal products sales; (ii) system integration; (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 year ended 31 March			
	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Intelligent terminal products sales	**245,198**	**82.0**	97,736	45.9
System integration	**12,141**	**4.1**	95,242	44.8
Software development	**31,341**	**10.5**	8,723	4.1
System maintenance services	**10,236**	**3.4**	10,999	5.2
Total	**298,916**	**100.0**	212,700	100.0

Intelligent Terminal Products Sales

During the Year, 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 the Year, thereby maintaining the growth momentum in the intelligent terminal products sales. As a result, the revenue for the Year amounted to approximately RMB245.20 million (2018: approximately RMB97.74 million), representing a strong increase of approximately 150.9% as compared with last year, accounting for 82.0% total revenue of the Group. Such segment remains as a dominate driver for the growth of the Group.

During the Year, 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); (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); (iv) a Suzhou-based communication equipment trading company (to which the Group sold electronic products, including microwave reader used for car parks, antenna for microwave reader, ETC-MOBU active electronic tag and host of free-flow microwave reader); and (v) a Sanya-based software company (to which the Company told electronic products, including data-center switch, centrally controlled all-optical switch, protocol switch and voice gateway, in addition to providing one year of maintenance services).

System Integration

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 Year, the Group made strategic adjustment to its business to shift our focus to intelligent terminal products sales and software development segments, which have higher gross profit, for the reason that system integration business shows a special feature of cyclic fluctuation. Thus, the system integration business recorded a revenue of approximately RMB12.14 million (2018: approximately RMB95.24 million), representing a decrease of approximately 87.3% as compared with last year, accounting for 4.1% total revenue of the Group.

During the Year, the major system integration project of the Group involved 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.

Software development

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. The Group's software development business achieved significant breakthrough during the Year with substantial revenue, which increased by approximately 259.4% as compared with last year to approximately RMB31.34 million (2018: approximately RMB8.72 million), the proportion of which over the Group's total revenue increased to 10.5% from 4.1% last year.

During the Year, the Group's major projects included (i)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, in which 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; and (ii) development of corporate cloud platform for a Shenzhen-based Internet technology company, which involved user and authority management, data dictionary management, application system operation and management, account management, personalized setting, corporate information diagram, navigation of corporate services, contacts for corporate services, information subscription, corporate space, searching system for industrial lands and properties and government and corporate information communication system.

On January 2019, the Group completed the acquisition of 51.7321% ownership interests in Bright Leap (as defined below) (which indirectly holds Weitu Group) (for details, please refer to the section headed "Material Acquisition and Disposal of Subsidiaries and Affiliated Companies — Material Acquisition Completed During the Year"), which also brought considerable software development income to the Group. Software development business attributable to Weitu Group included (i) research and development project of a first-tier common trench commanding and deployment platform for a Shenzhen-based technology company, which involved intelligent IoT sensor surveillance, alarm management, plan management, trench operation and maintenance management, information file management, statement management, equipment management, user management, system management, 3-D visualization and e-patrol; (ii) development of integrated operation and management system for a school in Hunan Province, which involved development, integration, statistics and analysis of data center, 3D informationization technology platform for the campus, connection and integration of surveillance system, intelligent and integrated operation, maintenance and management system for the campus, WeChat for the school and IOC operation center for the campus; and (iii) development of supply chain e-commerce system solution for an aerospace information company, which combined the corporate internal supply chain management system with business cooperative platform, covering the needs for application and design, corporate internal control and synchronization of between corporate and business partners. Finally, the solution provides convenience to the corporation to integrate the progress of handling orders, settlement, sales policy and inventory management.

System Maintenance Services

The Group provides 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. During the Year, the system maintenance services business of the Group generally remained stable with a realized revenue of approximately RMB10.24 million (for the year 2018: approximately RMB11.00 million), representing a decrease of 6.9% as compared to last year, accounting for 3.4% total revenue of the Group.

The Group provided information systems maintenance services to a PRC state-owned petroleum company for the Year 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 40.5% to approximately RMB298.92 million during the Year as compared with corresponding period of last year (2018: approximately RMB212.70 million), mainly attributed to a robust growth in revenue of intelligent terminal products sales business and software development business. For the intelligent terminal products sales, the Group's sales of electronic products to an IoT technology company situated in Beijing recorded a significant growth, as well as the Group's sales of electronic products to its newly secured clients in Beijing, Shanghai, Suzhou and Sanya (which engage in technology, data services, trading of communication equipment and software businesses respectively). For the software development, the main growth came from the 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", and the turnover arising from the development of an enterprise service cloud platform for an Internet technology company based in Shenzhen. On January 2019, the Group completed the acquisition of 51.7321% ownership interests in Bright Leap (details of which please see the section headed "Material Acquisition and Disposal of Subsidiaries and Affiliated Companies — Material Acquisitions Completed During the Year" in this announcement below), which contributed considerable revenue from software development. All of these contributed considerable revenue to the Group for the Year, 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 by 17.5% to approximately RMB101.30 million for the Year (2018: approximately RMB86.22 million), which 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 and software development business. The gross profit margin decreased by 6.6 percentage points to 33.9% as compared with corresponding period of last year, mainly due to (i) increased human resources costs; and (ii) the Group's use of price reduction strategy to attract customers.

Other income

The Group's other income for the Year mainly included (i) interest income from bank deposits; (ii) rental income; and (iii) government grants. Other income increased by 2.9% to approximately RMB5.68 million for the Year (2018: approximately RMB5.52 million) and such change was mainly due to the increase in government grants for the Year.

Other expenses

During the Year, the Group's other expenses decreased by 64.3% to approximately RMB0.91 million (2018: approximately RMB2.55 million), which mainly included expenses on acquisition of 51.7321% ownership interests in Bright Leap (details of which please see the section headed "Material Acquisition and Disposal of Subsidiaries and Affiliated Companies — Material Acquisitions Completed During the Year" in this announcement below).

Other gains and losses

The Group's other net gains amounted to approximately RMB3.68 million for the Year (2018: other net losses of approximately RMB4.03 million) and such change was mainly due to (i) the movement of exchange rate of RMB during the Year; (ii) the movement of the fair value of investment properties; and (iii) the movement of fair value of financial assets.

Impairment losses, net of reversal

During the Year, the Group's reversal of impairment losses, net of reversal, were approximately RMB0.17 million (2018: nil), including expected credit losses, net of reversal, for rental deposits, trade receivables, other receivables and contract assets.

Distribution and selling expenses

The Group's distribution and selling expenses increased by 83.5% to approximately RMB3.12 million for the Year (2018: approximately RMB1.70 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 Year.

Administrative expenses

The Group's administrative expenses increased by 228.7% to approximately RMB51.67 million for the Year (2018: approximately RMB15.72 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 as well as the matters including the placement of convertible bonds, subscription of shares by connected persons, etc.; (ii) an increase in staff salaries and welfare benefits caused by the increase in number of administrative staff and staff salaries and welfare benefits have also been increased after the Company's shares are listed on the Main Board; (iii) the grant by the Company of in aggregate 40,000,000 share options, 30% of which are exercisable on the date of grant and become administrative expenses on that day, 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, while the other 30% of the share option expenses are also distributed in the first year of such grant; and (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 increased by 49.7% to approximately RMB2.80 million for the Year (2018: approximately RMB1.87 million), mainly due to the corresponding bond interest expenses resulted from the bonds issued by the Group during this year (please refer to the section headed "Capital Structure, Liquidity and Financial Resources" in this announcement below for more details).

Research and development expenses

The Group's research and development expenses increased by 164.7% to approximately RMB5.32 million for the Year (2018: approximately RMB2.01 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 decreased by 6.9% to approximately RMB12.06 million for the Year and the effective tax rate decreased by 1.1 percentage points to approximately 25.7%, mainly as a result of (i) the decreased profit before taxation; (ii) tax effect of expenses not deductible for tax purposes (mainly including Listing expenses) in 2018; and (iii) the increased additional tax benefit on research and development expenses.

Profit attributable to owners for the Year

As a result of the foregoing, the Group's profit attributable to owners decreased by 4.3% to approximately RMB33.95 million for the Year (2018: approximately RMB35.48 million), which was mainly due to the decrease in gross profit margin and significant increase in administrative expenses.

Capital Structure, Liquidity and Financial Resources

The Group adopted strict financial management policy, and its financial position remained sound. As at 31 March 2019, the Group's net current assets were approximately RMB227.06 million (31 March 2018: approximately RMB196.08 million).

As at 31 March 2019, the Group's bank balances and cash was approximately RMB61.68 million (31 March 2018: approximately RMB82.72 million). The current ratio (current assets to current liabilities) was approximately 2.5 times (31 March 2018: approximately 3.7 times).

As at 31 March 2019, the Group's total bank borrowings was approximately RMB25.63 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 31 March 2019, the Company issued bonds with an amount of HK$34,600,000. The bonds are transferable subject to the consent from the Company. The bonds will become due on the second to third anniversary of the issue date of the bonds. The bonds bear interest at a rate of 7% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

Gearing Ratio

As at 31 March 2019, the Group's gearing ratio (calculated by dividing total borrowings (including bank borrowings and bonds payables) by total equity) was approximately 17.9% (31 March 2018: approximately 3.0%).

Capital Expenditure

For the Year, the Group's capital expenditure has increased by 528.9% to approximately RMB6.10 million (2018: approximately RMB0.97million), which mainly represented expenses for the purchase of office equipment, transportation equipment and club membership fee.

Capital Commitment

As at 31 March 2019, 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 any foreign currency hedging policy. However, the Directors will monitor foreign exchange exposure closely and consider the use of hedging instruments when necessary.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 March 2019 (31 March 2018: Nil).

Pledge of Group's Assets

As at 31 March 2019 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 Acquisition Completed During the Year

On 13 September 2018, Upright Joy Limited (正喜有限公司, "**Upright Joy**"), a wholly-owned subsidiary of the Company:

(1) entered into a sale and purchase agreement with Wisdom Galore Limited ("**Wisdom Galore**"), pursuant to which Wisdom Galore has conditionally agreed to sell and Upright Joy has conditionally agreed to acquire 47% of the issued share capital of Bright Leap Limited (明躍有限公司, "**Bright Leap**"), which shall be settled by (i) RMB27,520,000 in cash; and (ii) the allotment and issuance of up to 27,318,773 Consideration Shares under the General Mandate by the Company to Wisdom Galore. The Consideration Shares may be adjusted under the guaranteed profit arrangement. On 20 September 2018, Upright Joy entered into a sale and purchase supplemental agreement with Wisdom Galore to amend and clarify certain formulas relating to the consideration mechanism for the Consideration Shares; and

(2) entered into a sale and purchase agreement with Thriving Ascend Limited ("**Thriving Ascend**"), pursuant to which Thriving Ascend has conditionally agreed to sell and Upright Joy has conditionally agreed to acquire 4.7321% of the issued share capital of Bright Leap, at the consideration of RMB7,571,360 (equivalent to approximately HK$8,676,021), which shall be settled by cash in full (the "**Acquisition**").

Weitu Group is indirectly and wholly-owned by Bright Leap.

The Acquisition was completed in January 2019. Details are set out in the announcements of the Company dated 13 and 21 September 2018.

The Directors consider that the Acquisition would create cross-selling opportunities as the Group and Weitu Group both target the same group of clients serving government departments, enterprises and institutions. It is expected that the Group 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 Acquisition.

Weitu Group also has a professional team comprising 28 professionals experienced in research and development of geographic information system in over 26 subfields. The Acquisition 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 Acquisition, including the business prospects and the business synergies, the Board regards that the Acquisition is 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.

Material Disposal

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

Significant Investment

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

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 to finance its business expansion.

Employee and Remuneration Policy

As at 31 March 2019, the Group employed a total of 257 employees (31 March 2018: 143 employees). During the Year, staff costs (including Directors' emolument) was approximately RMB37.14 million (2018: approximately RMB15.26 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. The share option scheme was adopted by the Company on 6 December 2017 to attract, retain and motivate talented employees to strive for future developments and expansion of the Group. On 29 June 2018, 40,000,000 share options have been granted to the eligible Directors, employees and a consulting firm pursuant to the share option scheme ("**Share Option Scheme**") adopted by the Company on 6 December 2017. On 17 February 2019, the Company proposed to grant a total of 20,000,000 share options to the Company's executive Director, the chairman of the Board and the controlling Shareholder, Mr. Lai Tse Ming ("**Mr. Lai**").

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

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Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/Certified by
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
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.

MAJOR COOPERATION AGREEMENTS ENTERED INTO DURING THE YEAR

Entering into Memorandum of Industry-Academia Research Cooperation with the School of Computer Science of Wuhan University*（武漢大學計算機學院）

During this Year, the Company, through its subsidiary IBO Information, intended to cooperate with the School of Computer Science of Wuhan University to establish a long-term and stable strategic cooperative partnership by entering into a non-legally binding memorandum of cooperation 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.

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Further details are set out in the announcement of the Company dated 24 July 2018.

Entering into the Strategic Cooperation Framework Agreement with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司)

On 1 February 2019, the Company entered into a strategic cooperation framework agreement (the "**Strategic Cooperation Framework Agreement**") with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司) ("**IAC**") (collectively, the "**Parties**"), pursuant to which the Parties will realise "industry 4.0" project by leveraging its strengths and expertise in the design, research and development, manufacture and sale of smart factories, consumer electronics products and smart wearable products. The Company and IAC are jointly responsible for product design and research and development, of which the Company is primarily responsible for marketing and business negotiation.

The Strategic Cooperation Framework Agreement shall be effective from its date of signature and remain valid for three years.

The Directors believed that the cooperation with IAC will combine their respective advantages and resources and maximise the strategic synergic effect on the Parties in jointly promoting the development of the smart industry in PRC and overseas.

Further details are set out in the announcement of the Company dated 4 February 2019.

Promotion of Fire Safety Supervision System Project

By virtue of its expertise in IoT technology, combining with narrow-band IoT technology, the Company developed and operated a dynamic and real-time electricity and fire safety water pressure monitoring system ("**Fire Safety Supervision System**") project ("**FSM Project**") in the PRC. The Company is promoting FSM Project in the PRC, especially in Shenzhen. In March 2019, IBO Information entered into a legally binding construction contract in relation to the operation of Fire Safety Supervision System with a junior high school in Shenzhen, whereby IBO Information would be responsible for the design, installation and testing of Fire Safety Supervision System in such junior high school. The Company will continue to identify other potential customers in the PRC and promote the Fire Safety Supervision System to them. Further details are set out in the circular of the Company dated 25 April 2019.

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Mr. Lai and Shine Well Holdings Limited (the "**Covenantors**") ("**Shine Well**") in respect of the compliance with provisions of the Deed of Non-competition ("**Deed of Non-competition**") entered into between the Covenantors and the Company as set out in the paragraphs headed "NON-COMPETITION UNDERTAKING" in the section headed "RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS" of the Prospectus during the Year. Each of the Covenantors has given confirmation and representation that, during the Year, he/it has strictly complied with the Deed of Non-competition without any breach thereof. All the independent non-executive Directors have reviewed the matters in relation to the enforcement of the Deed of Non-competition, and each of them was of the view that the Covenantors have complied with the provisions of the Deed of Non-competition during the Year.

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BUSINESS OUTLOOK AND STRATEGIES

In recent years, policies and measures in relation to actively promoting smart city have been rolled out everywhere in the PRC. Nearly 300 cities have been included in the three batches of pilot smart cities announced with more than 10 relevant state policies. "Report of Prospects and Investment Forecast on China Smart City Construction (2019–2024)" (《2019–2024年中國智慧城市建設發展前景與投資預測分析報告》) released by Forward Business Information Co., Ltd. pointed out that, the market of smart cities will exceed RMB1,000 billion in 2019 and reach RMB2,500 billion in 2022. IoT market is expected to make an unprecedented breakthrough. The Group will grasp and take advantage of the market opportunities coming along with the state policy.

Actively expanding and developing new projects, seeking long-term strategic cooperation with business partners

The continuous growth and increase in market share of the Group's major business, namely provision of comprehensive IoT intelligent terminal product applications and solutions services in the PRC, will create more business opportunities and projects in future. The Group will keep actively expending and developing new projects and seek long-term strategic cooperation with business partners, especially the cooperation projects, including those mentioned under "MAJOR COOPERATION AGREEMENTS ENTERED INTO DURING THE YEAR" and "EVENTS AFTER THE REPORTING PERIOD — Establishing Strategic Cooperation Relationship and Entering Into Agreement for Construction of Digitalisation Project of Smart Livestock Industry in Tongliao with the Tongliao Agriculture and Livestock Bureau" in this announcement.

To intensify research and development efforts and diversify products and services

In view of the stricter requirements of the Chinese government for fire safety supervision system to strengthen the fire safety management level, the Group will comply with relevant policies, intensify the research and development efforts for intelligent fire safety supervision system and upgrade the products.

In addition, the Group has successfully developed smart wearable device for cattle to monitor their health, which is expected to launch soon. The Group has formed strategic partnerships with different research institutes and universities during this Year, including cooperation with Wuhan University to promote research and development of artificial intelligence (AI), big data and intelligent software; and extensive cooperation with Shenzhen University and its affiliated research institution, Shenzhen University China-Australia BIM and Intelligence (深圳大學中澳BIM與智慧), in the field of urban smart construction and Artificial Intelligence for IT Operations (AIOps); and the development, construction and operation of digital project in beef cattle industry with the Institute of Animal Science of CAAS ("**Institute of Animal Science**") to provide whole industry chain ecological service for local governments and beef cattle producing areas. In the future, the Group will strategically map out its development plans in high-potential areas to diversify its products and services through continuous technological innovation and achievements transformation.

Gateway to China, capturing global opportunities

The Group will continuously step up marketing efforts, secure new customers and further consolidate its market position as a leading IoT intelligence terminal product application and solution services provider. During the Year, the Group continuously expanded its market share in China and expanded its client base through strategic partnerships and acquisitions, and created cross-border sales opportunities such as fire safety, education, animal husbandry and agriculture areas. At the same time, the Group is keen to accelerate overseas expansion and actively explore potential markets in Europe, America, Japan, India and Southeast Asia. In the future, the Group will step into the overseas retail business of laptops, smart wearables, consumer electronics, smart home appliances and consumer electronic products, and further build a collaborative and global international marketing network system.

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

As China's IoT industry is entering the "Trillion Era" in terms of scale, it is expected to continue the rapid growth in the future. The Group will continue its business expansion and cooperate with large IT companies to leverage their respective strengths to integrate market resources and develop potential "smart city" sectors, such as smart agriculture and animal husbandry industry, smart factories, consumer electronics, smart wearables, smart transportation, cloud platform for urban public service administration Software-as-a-Service (SaaS), etc. The Group will strive to enrich its product and service portfolio to meet the huge market demand and to promote its long-term horizontal and vertical development while broadening its revenue sources.

To identify beneficial strategic investment opportunities

The future of IoT market is promising. According to China Academy of Information and Communications Technology, the IoT market is expected to soar from RMB930 billion in 2016 to RMB1.83 trillion in 2020. Certain research institute predicts that the market for RFID in Industry 4.0 will grow from USD$812 million in 2017 to USD$2,153 million in 2025. The Group will closely follow the demand of IoT market, accelerate the development of upstream and downstream businesses on the IoT industry chain and improve its operational efficiency to maintain our leading position in the IoT technology application market. The Group will continue to identify strong domestic and overseas business partners and introduce more opportunities to enhance business growth and strength.

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

Summary

As the global IoT industry moves into a strategic upgrade era, the Group will strengthen product and service innovation and seize opportunities for diversified development in order to achieve ideal growth.

EVENTS AFTER THE REPORTING PERIOD

Completion of Placing of Convertible Bonds in the Aggregate Principal Amount of HK$22,400,000 Under General Mandate

On 17 February 2019, the Company (as the issuer) and VC Brokerage Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$64,000,000 at the initial conversion price of HK$1.6 per conversion share (subject to adjustments). Maturity date will be the last day of the three-year period from the issue date, with 7.5% per annum on the outstanding principal amount of the convertible bonds payable on the maturity date. On 15 February 2019, being the last trading day before the date on which the terms of issue to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.6 per Share.

On 3 April 2019, convertible bonds with an aggregate principal amount of HK$22,400,000 have been successfully placed to the placees. All placees and their ultimate beneficial owners are independent third parties. Assuming there is no further issue or repurchase of the Shares, based on the initial conversion price of HK$1.6 per conversion share, 14,000,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK$140,000. The conversion shares will be allotted and issued under the General Mandate.

The gross proceeds from the placing are approximately HK$22,400,000. The net proceeds from the placing (after deducting the placing commission and other expenses) will be approximately HK$21,400,000. The Group will use such proceeds for the projects related to the Strategic Cooperation Framework Agreement with IAC as disclosed in the announcement of the Company dated 4 February 2019. The net conversion price, after deduction of relevant expenses, is approximately HK$1.53 per conversion share. The Directors are of the view that the placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Further details are set out in the announcements of the Company dated 17 February 2019 and 3 April 2019.

Connected Transaction In Relation To Subscription of Shares By a Connected Person Under Specific Mandate

On 17 February 2019, the Company entered into the subscription agreement with Shine Well, pursuant to which Shine Well has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 100,000,000 subscription shares at the subscription price of HK$1.5 per subscription share at a cash consideration of up to HK$150,000,000. The aggregate nominal value of the subscription shares is HK$1,000,000. The subscription shares will be allotted and issued pursuant to the specific mandate. The subscription shares, when issued and fully paid, will rank pari passu among themselves and with all existing Shares presently in issue and at the time of allotment and issue of the subscription shares. The subscription will be completed in two stages with 50,000,000 subscription shares in each stage. Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 15 February 2019, being the last trading day before the date on which the terms of issue to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.6 per Share.

The estimated net proceeds from the subscription will be up to approximately HK$149 million (after deducting all relevant expenses), therefore the net issue price per subscription share is approximately HK$1.49. The Company intends to use the proceeds from the subscription as follows:

(a) approximately RMB100 million (equivalent to approximately HK$116.04 million) will be used by the Group for investment in the I4 project (as defined in the circular dated 25 April 2019);

(b) approximately RMB19 million (equivalent to approximately HK$22.05 million) will be used by the Group for additional working capital and other general corporate purposes such as staff costs, auditor's remuneration, rental expenses, etc.; and

(c) the remaining (if any) to be utilised in promoting FSM Project in Shenzhen and national markets (approximately HK$5 million) and other projects, including but not limited to MS Project (as defined in the circular dated 25 April 2019) (approximately HK$6 million).

On 17 February 2019, 223,220,000 Shares are held by the Shine Well, representing approximately 55.81% of the total issued Shares, who is a controlling Shareholder of the Company, and therefore Shine Well is a connected person of the Company under Chapter 14A of the Listing Rules. The subscription agreement and the transaction contemplated thereunder constitute a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules, and are subject to announcement, reporting and independent Shareholders' approval requirement. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai, the chairman and an executive Director of the Company, Mr. Lai is therefore materially interested in the subscription agreement and the transactions contemplated thereunder. The resolution in relation to Shine Well Subscription was approved by the independent Shareholders at the extraordinary general meeting held on 17 May 2019.

The Company believes that it is financially prudent to secure substantial funding to prove the sufficient financial resources in the imminent and foreseeable future and the Subscription will provide certainty of funding in this regard, and will accelerate the Company's growth by strengthening the capital base and financial position of the Company, allowing the Company to plan for future expansion and development of the projects and to secure long-term strategic cooperation with the Company's partners in the projects. The subscription also reflects the confidence and commitment to support the development of the Company by Mr. Lai, who is the controlling Shareholder of the Company.

Further details are set out in the announcements of the Company dated 17 February 2019 and 17 May 2019 and the circular dated 25 April 2019.

The Acquisition of 15% of the Issued Share Capital of Good Cheer

On 17 April 2019, Wonderful Splendor Limited ("**Wonderful Splendor**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Assemble Bliss Limited ("**Assemble Bliss**"), pursuant to which Assemble Bliss has conditionally agreed to sell and Wonderful Splendor has conditionally agreed to purchase the sale shares, representing 15% of the issued share capital of Good Cheer Ventures Limited ("**Good Cheer**") at the consideration of RMB22,470,000 (equivalent to approximately HK$26,265,183).

Upon the reorganisation but prior to the completion date, Good Cheer will indirectly hold 96.7742% of the issued share capital of Shenzhen Tongtianhui Technology Company Limited* (深圳市童天慧科技有限公司, "**Tongtianhui**"). Tongtianhui owns and operates a one-stop education technology service platform in PRC, which utilises technology such as cloud computing, IoT, big data research results and artificial intelligence etc. to provide more comprehensive solutions for its customers, such as education institutions and/or individual education service providers to achieve precise matching between its customers and its online platform user, mainly the parents in PRC, with demand of education services for their children. The Directors believe the acquisition could provide synergy effect in technology to the Group as well as Tongtianhui. The Group could leverage on its advantages in the technology development and provide relevant technical support to Tongtianhui, which in turn further enhance its research and development in technological capabilities and thereby improving its market competitiveness and realising the rapid development in business as well as the expansion in market coverage.

Further details are set out in the announcements of the Company dated 5 March 2019 and 17 April 2019.

Proposed Grant of 20,000,000 Share Options in Aggregate to Mr. Lai

On 17 February 2019, the Company has proposed to grant in aggregate 20,000,000 share options to Mr. Lai, to subscribe for 20,000,000 Shares pursuant to the Share Option Scheme at the exercise price of HK$1.6, for a validity period of 3 years from the date of grant. The resolution on the proposed grant of share options to Mr. Lai was approved by the independent Shareholders at the extraordinary general meeting held on 17 May 2019. Further details are set out in the announcements of the Company dated 17 February 2019 and 17 May 2019, and the circular dated 25 April 2019.

Establishing Strategic Cooperation Relationship and Entering into Agreement for Construction of Digitalisation Project of Smart Livestock Industry in Tongliao with the Tongliao Agriculture and Livestock Bureau

On 10 June 2019, the Company and the Tongliao Agriculture and Livestock Bureau (通遼市農牧局), competent department for agriculture and livestock industry of the Tongliao government. On the principle of "equal and mutual benefit, complementary advantages, mutual support, long-term cooperation, joint development" and with a view to fully utilise their respective advantageous resources and capability, facilitate continuous healthy growth of agriculture and livestock industry in Tongliao, speed up construction of "digitalised ecology of smart agriculture and livestock industry in Tongliao", which includes connecting and consolidating each section along the chain ranging from breeding, fattening, feeds, veterinary medication, training for breeding techniques, slaughtering and processing, e-commerce, cold chain logistics to end consumption of beef cattle by way of digitalisation (such as the application of advanced technologies including Internet of Things, artificial intelligence, cloud computing, 5G, edge computing, etc.), as well as to invest and construct "Digitalisation project of smart agriculture and livestock industry in Tongliao" in agriculture and livestock industry in the counties of Tongliao City (the same below), the Company and the Tongliao Agriculture and Livestock Bureau mutually decided to established strategic cooperative

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relationship after comprehensive negotiation and has entered into a legally binding agreement, valid for ten years, in respect of construction of the "Digitalisation project of smart agriculture and livestock industry in Tongliao" to realise digitalisation of livestock industry in Tongliao through providing comprehensive support on related matters including implementation, operation and service provision.

The "Digitalisation project of smart agriculture and livestock industry in Tongliao" includes digitalisation projects for beef cattle industry, meat sheep industry and other livestock industries. As beef cattle industry is currently the leading industry in Tongliao, the parties will focus on cooperating to commence digitalisation project for beef cattle industry at the first stage of the "Digitalisation project of smart agriculture and livestock industry in Tongliao". Digitalisation projects for the meat sheep industry and other livestock industries will be covered later based on modes of construction, implementation, operation and service provision of and experience in digitalisation project for beef cattle industry.

The Company will fully utilise technical edge in smart livestock industry as well as its advantages and capability in consolidating financing and resources based on the requirement of construction of the "Digitalisation project of smart agriculture and livestock industry in Tongliao". The Company plans to invest or procure investment of RMB 1 billion or above in the next five to ten years to complete the construction of digitalised ecology of smart livestock industry in Tongliao in order to realise the target of the "Digitalisation project of smart agriculture and livestock industry in Tongliao". Accordingly, at the first stage of the "Digitalisation project of smart agriculture and livestock industry in Tongliao" of two to three years, the Company plans to contribute approximately RMB 90 million for the establishment and implementation of the "Digitalisation project of smart agriculture and livestock industry in Tongliao", among which, approximately RMB 50 million, approximately RMB 35 million and approximately RMB 5 million will be used on research and development, construction and implementation as well as project promotion and establishment of localised maintenance team respectively. Further details are set out in the announcement of the Company dated 10 June 2019.

Placing of Convertible Bonds in a Total Principal Amount of up to HK$31,140,000 Under General Mandate

On 10 June 2019, the Company (as the issuer) and VC Brokerage Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$31,140,000 at the initial conversion price of HK$1.73 per conversion share (subject to adjustments). The last day of the three-year period from the issue date is the maturity date. The outstanding principal amount of the convertible bonds is calculated on the rate of 7.5% per annum and is payable on the maturity date. On 10 June 2019, being the date on which the terms of the issue were fixed, the closing price of the Shares as quoted on the Stock Exchange was HK$1.72 per Share.

The Company and the placing agent shall use their respective reasonable endeavours to ensure that all placees and their ultimate beneficial owners shall be independent third parties. Assuming full conversion of the convertible bonds into conversion shares, a total of 18,000,000 conversion shares will be allotted and issued with a total nominal value of HK$180,000, based on the initial conversion price of HK$1.73 per conversion share. The conversion shares will be allotted and issued under the General Mandate.

The gross proceeds from the placing will be up to HK$31,140,000. The net proceeds from the placing (after deducting the placing commission and other expenses) will be approximately HK$30.2 million which will be used by the Group as the general working capital for the new project in relation to the digitalisation project of smart agriculture and livestock industry in Tongliao* (通遼智慧畜牧產業數字化項目) as set out in the announcement of the Company dated 10 June 2019. The net conversion price, after deduction of relevant expenses, is approximately HK$1.68 per conversion share. The Directors are of the view that the placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Further details are set out in the announcement of the Company dated 10 June 2019.

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, after deducting underwriting commissions and issuing expenses from Listing, were approximately RMB88 million.

As of 31 March 2019, the Group has utilized a total of approximately RMB86.21 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 31 March 2019**	**Unutilised amount as of 31 March 2019**
	%	*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	–
Used for identifying beneficial strategic investment opportunities from 2017 to 2019	19.4	17,072	17,072	–
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	12,550	1,794
Used for additional working capital and other general corporate purpose	10.0	8,800	8,800	–
	100.0	88,000	86,206	1,794

* *for identification purpose only*

PURCHASE, SALE OR REDEMPTION OF SHARES

For the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee of the Board consists of three independent non-executive Directors, namely Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming. The Company's audited consolidated financial statements and annual results for the year ended 31 March 2019 have been reviewed by the Audit Committee of the Board, the members of which have met the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, for the review of the Group's results for the year ended 31 March 2019.

The Audit Committee of the Board has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2019 and the accounting principles and practices adopted by the Group, and has discussed auditing, risk management, internal controls and financial reporting matters for the year ended 31 March 2019 with the management. They have also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

SCOPE OF WORK ON PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 Year. 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 Year.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING

To determine the eligibility of the Shareholders of the Company to attend the annual general meeting to be held on 10 September 2019, the register of members will be closed from 5 September 2019 to 10 September 2019, both days inclusive, during which no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 pm on 4 September 2019.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2018: Nil).

2019 ANNUAL GENERAL MEETING

It is proposed that the 2019 Annual General Meeting of the Company will be held on 10 September 2019. A notice convening the 2019 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be dispatched to the Shareholders of the Company accordingly.

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 annual report of the Company for the Year 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, the following expressions 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
"Consideration Share(s)"	up to 27,318,773 new Shares to be allotted and issued to the Vendor at the Issue Price under the General Mandate, the number of which shall be adjusted according to the terms of the Sale and Purchase Agreement, details are set out in the announcements of the Company dated 13 and 21 September 2018
"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
"General Mandate"	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 27 August 2018 to allot and issue up to 80,000,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
"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
"Issue Price"	HK$2.0, being the issue price per Consideration Share
"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 Main Board of The Stock Exchange of Hong Kong Limited

* *for identification purpose only*

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM 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
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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, 28 June 2019

As at the date of this announcement, the Board of Directors 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.

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