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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 2020**

RESULTS HIGHLIGHTS

- Revenue for the year ended 31 March 2020 was approximately RMB487.76 million, representing an increase of 63.2% as compared with approximately RMB298.92 million for the year ended 31 March 2019.
- Gross profit for the year ended 31 March 2020 was approximately RMB113.30 million, representing an increase of 11.8% as compared with approximately RMB101.30 million for the year ended 31 March 2019. Gross profit margin for the year ended 31 March 2020 was 23.2%, representing a decrease of 10.7 percentage points as compared with 33.9% for the year ended 31 March 2019.
- Loss attributable to owners of the Company for the year ended 31 March 2020 was approximately RMB52.96 million, as compared with profit attributable to owners of the Company of approximately RMB33.95 million for the year ended 31 March 2019.
- Basic loss per share for the year ended 31 March 2020 was approximately RMB12.87 cents, as compared with basic earnings per share of approximately RMB8.49 cents for the year ended 31 March 2019.

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 March 2020 (the “Year”), together with the comparative figures for the year ended 31 March 2019 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	487,756	298,916
Cost of sales and services rendered		<u>(374,453)</u>	<u>(197,613)</u>
Gross profit		113,303	101,303
Other income		4,514	5,675
Other gains and losses	4	(56,214)	3,677
Share of loss of an associate		(226)	–
Impairment losses under expected credit loss model, net of reversal		(7,814)	172
Distribution and selling expenses		(5,543)	(3,123)
Administrative expenses		(71,879)	(52,577)
Finance costs		(10,353)	(2,802)
Research and development expenses		<u>(3,856)</u>	<u>(5,321)</u>
(Loss) profit before taxation		(38,068)	47,004
Income tax expense	5	<u>(12,072)</u>	<u>(12,064)</u>
(Loss) profit and total comprehensive (expense) income for the year	6	<u>(50,140)</u>	<u>34,940</u>
(Loss) profit and total comprehensive (expense) income for the year attributable to			
— Owners of the Company		(52,955)	33,951
— Non-controlling interests		<u>2,815</u>	<u>989</u>
		<u>(50,140)</u>	<u>34,940</u>
(Loss) earnings per share			
— Basic (RMB cents)	8	<u>(12.87)</u>	<u>8.49</u>
— Diluted (RMB cents)	8	<u>(12.87)</u>	<u>8.47</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		8,684	8,312
Right-of-use assets		8,696	–
Investment properties		20,100	20,500
Goodwill		23,632	44,157
Intangible assets		60,078	67,162
Interest in an associate		7,780	–
Financial assets at fair value through profit or loss		–	460
Rental deposits		1,101	578
Deferred tax assets		2,034	–
		<hr/> 132,105 <hr/>	<hr/> 141,169 <hr/>
Current assets			
Inventories		675	51,897
Trade and other receivables	9	410,628	240,984
Contract assets		11,740	12,215
Amounts due from a related company		243	38
Amounts due from non-controlling interests		1,704	197
Financial assets at fair value through profit or loss		1,392	7,793
Pledged bank deposits		2,191	–
Bank balances and cash		69,178	61,684
		<hr/> 497,751 <hr/>	<hr/> 374,808 <hr/>
Current liabilities			
Trade and other payables	10	100,362	73,840
Lease liabilities		5,222	–
Amounts due to non-controlling interests		9,869	13,681
Tax payables		26,531	17,313
Bank borrowings		19,844	25,109
Consideration payable		16,399	17,810
Bonds payables		35,538	–
		<hr/> 213,765 <hr/>	<hr/> 147,753 <hr/>
Net current assets		<hr/> 283,986 <hr/>	<hr/> 227,055 <hr/>
Total assets less current liabilities		<hr/> 416,091 <hr/>	<hr/> 368,224 <hr/>

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current liabilities		
Consideration payable	16,399	26,714
Bank borrowings	1,210	523
Bonds payables	31,101	26,727
Convertible bonds	58,245	–
Lease liabilities	3,685	–
Deferred tax liabilities	22,731	22,559
	<u>133,371</u>	<u>76,523</u>
	<u>282,720</u>	<u>291,701</u>
Capital and reserves		
Share capital	3,467	3,349
Reserves	246,236	258,150
	<u>249,703</u>	<u>261,499</u>
Equity attributable to owners of the Company	249,703	261,499
Non-controlling interests	33,017	30,202
	<u>282,720</u>	<u>291,701</u>
Total Equity	<u>282,720</u>	<u>291,701</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL AND BASIS OF PRESENTATION

IBO Technology Company Limited was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange. 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 ("**Mr. Lai**"), 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.

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 issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“**HKAS 17**”), and the related interpretations.

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review; and
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied by relevant group entities ranged from 6.00% to 9.00%.

Other than the reclassification of rental deposits amounting to RMB80,000 and trade and other receivables amounting to RMB5,000, the Group recognised lease liabilities of RMB4,466,000 and right-of-use assets of RMB4,551,000 at 1 April 2019.

At 31 March 2020, the lease liabilities and right-of-use assets amounted to RMB8,907,000 and RMB8,696,000, respectively, while depreciation associated with the right-of-use assets and finance costs associated with lease liabilities amounting RMB2,988,000 and RMB382,000, respectively, were recognised during the current year.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Types of goods or services

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Intelligent terminal products sales	405,130	252,937
Provision of coordination, management and installation services of smart cities	9,986	4,388
Software development	63,297	31,355
System maintenance services	9,343	10,236
	<hr/>	<hr/>
Total revenue from contracts with customers	487,756	298,916
	<hr/> <hr/>	<hr/> <hr/>

Timing of revenue recognition

	2020				
	Intelligent terminal products sales <i>RMB'000</i>	Provision of coordination, management and installation services of smart cities <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
A point in time	405,130	–	–	–	405,130
Over time	–	9,986	63,297	9,343	82,626
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	405,130	9,986	63,297	9,343	487,756
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	2019				
	Intelligent terminal products sales <i>RMB'000</i>	Provision of coordination, management and installation services of smart cities <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
A point in time	252,937	–	–	–	252,937
Over time	–	4,388	31,355	10,236	45,979
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	252,937	4,388	31,355	10,236	298,916
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Set out below is the reconciliation of the revenue from types of goods or services with the amounts disclosed in the segment information.

For the year ended 31 March 2020

	Types of goods or services				Total RMB'000
	Intelligent terminal products sales RMB'000	Provision of coordination, management and installation services of smart cities RMB'000	Software development RMB'000	System maintenance services RMB'000	
Operating segments					
Intelligent terminal products sales	401,223	-	-	-	401,223
System integration	3,907	9,986	-	-	13,893
Software development	-	-	63,297	-	63,297
System maintenance services	-	-	-	9,343	9,343
	<u>405,130</u>	<u>9,986</u>	<u>63,297</u>	<u>9,343</u>	<u>487,756</u>

For the year ended 31 March 2019

	Types of goods or services				Total RMB'000
	Intelligent terminal products sales RMB'000	Provision of coordination, management and installation services of smart cities RMB'000	Software development RMB'000	System maintenance services RMB'000	
Operating segments					
Intelligent terminal products sales	245,198	-	-	-	245,198
System integration	7,739	4,388	14	-	12,141
Software development	-	-	31,341	-	31,341
System maintenance services	-	-	-	10,236	10,236
	<u>252,937</u>	<u>4,388</u>	<u>31,355</u>	<u>10,236</u>	<u>298,916</u>

(ii) Performance obligations for contracts with customers

Intelligent terminal products sales (revenue recognised at a point in time)

The Group sells the intelligent terminal products, such as RFID equipment and electronic products, directly to its customer. The revenue from intelligent terminal products sales is recognised at a point of time when the products are accepted by customer in which the control are transferred to the customer. The normal credit term is 180 days upon acceptance by customers, subject to assurance type warranty. In general, the Group provides a standard 1 year warranty to its customers, no significant sale return was noted up to report date and therefore the Group estimated there are no significant provision regarding warranty.

For sales of products in system integration segment, the Group considers the control of products transferred when customers have checked and accepted the products and the performance obligation is satisfied at which the control is transferred. The revenue from product sales in system integration segment is recognised at a point in time. The normal credit term is within 270 days upon acceptance by customers. No significant sale return was noted up to report date and therefore the Group estimated there are no significant provision regarding warranty.

Provision of coordination, management and installation services (revenue recognised over time)

The Group provides total solutions service including procurement of materials, design, system development and integration process to its customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract with reference to periodic progress certificates issued by its customers. The normal credit term is within 270 days upon completion of services. In general, the Group provides not more than 1 year assurance type warranty to its customers.

Software development (revenue recognised over time)

The Group develops customised software to its customers according to customer's specific needs and requirements. Therefore, it does not have an alternative use to the Group. As stipulated in the contracts, the Group has the rights to require its customer to pay the performance completed to date if the projects are suspended or cancelled. The revenue from software development is recognised over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The normal credit term is within 180 days upon the completion of software development and the services and products are accepted by customers. In general, the Group provides not more than 1 year assurance type warranty to its customers.

System maintenance services (revenue recognised over time)

The Group provides on site system maintenance services. The scope for maintenance contract solely includes maintenance work for a fixed period. The revenue from provision of system maintenance services is recognised over time as the customer simultaneously receives and consumes the maintenance services as time elapsed within the service period as the Group performs. Accordingly, revenue is recognised on a straight-line basis during the service period. The customers should settled the trade receivable within 180 days upon the issue of value added tax invoice.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020 and the expected timing of recognising revenue are as follows:

	System maintenance service RMB'000
Within one year	4,910
More than one year but not more than two years	67
More than two years but not more than three years	28
	<hr/>
	5,005
	<hr/> <hr/>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2019 and the expected timing of recognising revenue are as follows:

	System maintenance service RMB'000
Within one year	7,290
More than one year but not more than two years	4,830
	<hr/>
	12,120
	<hr/> <hr/>

All intelligent terminal products sales contracts, provision of coordination, management and installation services of smart cities and software development contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment revenue and results

The Group's operating segments are determined based on information reported to Mr. Lai, 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 <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 March 2020					
REVENUE					
External sales	<u>401,223</u>	<u>13,893</u>	<u>63,297</u>	<u>9,343</u>	<u>487,756</u>
SEGMENT PROFIT	<u>63,304</u>	<u>5,182</u>	<u>34,285</u>	<u>2,718</u>	<u>105,489</u>
Unallocated income					4,514
Unallocated expenses					(81,278)
Finance costs					(10,353)
Unallocated other gains and losses					(56,214)
Share of loss of an associate					<u>(226)</u>
Loss before taxation					<u>(38,068)</u>
	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 March 2019					
REVENUE					
External sales	<u>245,198</u>	<u>12,141</u>	<u>31,341</u>	<u>10,236</u>	<u>298,916</u>
SEGMENT PROFIT	<u>77,814</u>	<u>2,691</u>	<u>17,782</u>	<u>3,188</u>	<u>101,475</u>
Unallocated income					5,675
Unallocated expenses					(61,021)
Finance costs					(2,802)
Unallocated other gains and losses					<u>3,677</u>
Profit before taxation					<u>47,004</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the (loss) profit before taxation earned by each segment without allocation of other income, other gains and losses, distribution and selling expenses, administrative expenses, finance costs 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 intangible assets, financial assets and deferred tax assets) are principally located in the PRC, no geographical segment information is presented.

Information about major customers

Revenue from customers during the year individually contributing over 10% of the Group's revenue is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
Customer A ¹	221,736	103,935
Customer B ¹	97,462	N/A ²
Customer C ¹	N/A ²	50,389
Customer D ¹	–	43,090
Customer E ¹	–	33,461

¹ Revenue from intelligent terminal products sales segment

² The corresponding revenue did not contribute over 10% of total revenue of the Group.

4. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 <i>RMB'000</i>
Loss on disposal of a subsidiary	–	(237)
Loss on disposal of property, plant and equipment	–	(3)
(Loss) gain on change in fair value of investment properties	(400)	1,140
(Loss) gain on change in fair value of financial assets at FVTPL	(826)	1,911
Loss on change in fair value of consideration payables	(3,994)	(4,149)
Net exchange (loss) gain	(5,196)	5,015
Amortisation of loss on change in fair value from initial recognition of convertible bonds	(6,289)	–
Loss on change in fair value of the derivative component of the convertible bonds	(4,637)	–
Impairment loss recognised on goodwill	(20,525)	–
Impairment loss recognised on interest in an associate	(14,464)	–
Others	117	–
	(56,214)	3,677

5. INCOME TAX EXPENSE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Hong Kong	–	299
PRC Enterprise Income Tax (“EIT”)	14,231	12,306
Overprovision of EIT in prior year	(297)	–
	13,934	12,605
Deferred tax	(1,862)	(541)
	12,072	12,064

6. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Directors’ remuneration:		
— Fees	3,808	2,657
— Salaries and other allowances	4,852	1,921
— Retirement benefit scheme contributions	97	190
— Equity-settled share-based payments	16,699	4,401
Other staff costs:		
— Salaries and other allowances	23,954	17,361
— Retirement benefit scheme contributions	2,212	1,809
— Equity-settled share-based payments	3,587	8,802
Total staff costs	55,209	37,141
Auditor’s remuneration	3,161	2,494
Depreciation of property, plant and equipment	2,685	1,714
Depreciation of right-of-use assets	2,988	–
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	13,879	6,524
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	374,067	197,147
Gross rental income from investment properties	602	508
Minimum operating lease rental expense in respect of rented premises	–	5,413

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

8. (LOSS) EARNINGS PER SHARE

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share	<u>(52,955)</u>	<u>33,951</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	411,590	400,000
Share options	<u>-</u>	<u>765</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	<u>411,590</u>	<u>400,765</u>

9. TRADE RECEIVABLES

The Group allows credit period ranging from 30 days to 270 days which are agreed with each of its trade customers. Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, normally within 1 year from the date of the completion of the respective project.

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0–30 days	99,406	96,078
31–90 days	117,700	12,909
91–180 days	36,768	37,177
181–365 days	58,370	3,075
Over 365 days	<u>16,824</u>	<u>5,383</u>
	<u>329,068</u>	<u>154,622</u>

10. TRADE AND OTHER 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0–30 days	2,566	11,113
31–90 days	51	821
Over 90 days	28,610	28,650
	31,227	40,584

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 areas, namely (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services. The customers of the Group are primarily from both the public and private sectors in the PRC, such as the PRC governmental authorities, large-scale state-owned enterprises and private enterprises.

Revenue breakdown by business segments:

	For the year ended 31 March			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Intelligent terminal products sales	401,223	82.3	245,198	82.0
System integration	13,893	2.8	12,141	4.1
Software development	63,297	13.0	31,341	10.5
System maintenance services	9,343	1.9	10,236	3.4
Total	487,756	100.0	298,916	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. Since the gradually increasing demand in the field of intelligent IoT in the PRC has driven the rapid growth of the Group's intelligent terminal products sales business in recent years, the revenue for the Year amounted to approximately RMB401.22 million (2019: approximately RMB245.20 million), representing an increase of approximately 63.6% as compared with last year and accounting for 82.3% of total revenue of the Group, which in turn provided a strong support for the significant growth of the Group's total revenue.

During the Year, the Group's major customers included (i) a Beijing-based technology company mainly engaged in the IoT business (to which the Group sold electronic products, such as compound intelligent tags, passive-tagged addressing software, epoxy passive tags and MOBU tags); (ii) a Tianjin-based technology company (to which the Group sold electronic products, such as RF data transmission modules, storage modules, traffic acquisition modules and communication modules, antennas for microwave readers, ETC-MOBU active electronic tags and hosts of free-flow microwave readers; and (iii) a Shenzhen-based technology company (to which the Group sold electronic products, such as data centre switches, OTN equipment and centrally-controlled multi-service fusions).

System integration

Based on analysis and assessment of customers' needs, the Group provides comprehensive and tailor-made system solutions to its customers by applying IoT and related technologies, 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 revenue from the system integration business of the Group recorded a growth of approximately 14.4% as compared with last year to approximately RMB13.89 million (2019: approximately RMB12.14 million), accounting for 2.8% of total revenue of the Group.

During the Year, the Group's major customer included a Beijing-based technology company mainly engaged in the IoT business, for which the Group developed the "Cloud Security Integrated Monitoring and Management System", aiming at completing the system's demand analysis, design, coding and testing. All source codes, installation disks, technical documentations, user guides, operating manuals, installation guides and test reports are required to be delivered to the customer.

During the Year, the Company indirectly held 51.7321% ownership of Weitu Group, which brought system integration business income to the Group. Its main customer included a Shenzhen-based company that provides information services, to which Weitu Group provided system integration services under the "Building Visualisation Integration Platform Project".

Software development

In line with the business and management requirements of its customers, the Group plans and designs the software system framework and function list for them in order to provide customised software application development services. During the Year, the revenue from the software development business of the Group recorded a consideration growth of approximately 102.0% as compared with last year to approximately RMB63.30 million (2019: approximately RMB31.34 million), accounting for 13.0% of total revenue of the Group.

During the Year, the Group's major customers included (i) a Heyuan-based real estate company, for which the Group developed the "Smart Site Information Management System" that consists of eleven sub-systems, namely system management, information release, basic information, personnel management, equipment management, project management, excavation detection management, terminal binding, data display, big data board and communication service; (ii) a Beijing-based electronics company, for which the Group developed the "Upgrade and Detection System for IoT Radio Frequency Module Products"; (iii) a Beijing-based technology company, for which the Group developed the "Roadside Parking Operation Management Platform"; and (iv) a Tianjin-based technology company, for which the Group developed the "Smart Energy Conservation Management System".

During the Year, the Group indirectly held 51.7321% ownership of Weitu Group, which brought considerable software development business income to the Group. The major customers in the software development business of Weitu Group included (i) a Shenzhen-based technology company, for which Weitu Group developed the “Smart Campus Security Management Project”, including a campus security integrated prevention and control cloud platform system and 3D visualisation platform; and (ii) a Beijing-based company that organises cultural and artistic exchange activities, for which Weitu Group developed the “Smart Park Integrated Management Platform”, including a park IoT integration and interconnection platform and smart park integrated operation management platform.

System maintenance services

The Group provides system maintenance services for both 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 realised revenue of approximately RMB9.34 million (2019: approximately RMB10.24 million), representing a decrease of approximately 8.8% as compared with last year and accounting for 1.9% of total revenue of the Group.

During the Year, the major system maintenance services of the Group included provision of information system maintenance services to a PRC state-owned petroleum company, which involved the 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 63.2% to approximately RMB487.76 million during the Year as compared with last year (2019: approximately RMB298.92 million), which was mainly attributable to a robust growth in revenue from the intelligent terminal products sales business and software development business by approximately 63.6% and 102.0% respectively as compared with last year. For the intelligent terminal products sales, the Group’s sales of electronic products to a Beijing-based technology company mainly engaged in the IoT business recorded a significant growth and there was also a newly secured customer, who is a technology company, located in Tianjin this Year to which the Group sold electronic products. For the software development, there were newly secured customers in Heyuan, Beijing and Tianjin this Year for which the Group developed different management systems or platforms, including companies engaged in the real estate, electronics and technology businesses respectively. During the Year, the Company indirectly held 51.7321% ownership of Weitu Group, which brought system integration business income and considerable software development business income to the Group.

Gross profit and gross profit margin

The Group's gross profit increased by 11.8% to approximately RMB113.30 million for the Year (2019: approximately RMB101.30 million), which was mainly attributable to a significant increase in the overall revenue driven by a robust growth in revenue from the intelligent terminal products sales business and software development business. The gross profit margin decreased by 10.7 percentage points to 23.2% as compared with last year (2019: 33.9%), which was mainly due to (i) the completion of acquisition of Weitu Group by the Company in January 2019 and the amortisation expense associated with intangible assets arising from acquisition of Weitu Group, which was only calculated for two months in 2019, being calculated for an entire year during the Year; and (ii) provision of products by the Group at a cheaper price in order to attract customers and maintain long-term and good relationships with some of the major customers.

Other income

The Group's other income for the Year included (i) interest income from bank deposits; (ii) rental income; and (iii) government grants. Other income decreased by 20.6% to approximately RMB4.51 million for the Year (2019: approximately RMB5.68 million) and such change was mainly due to the decrease in government grants for the Year.

Other gains and losses

The Group's other net losses amounted to approximately RMB56.21 million for the Year (2019: other net gains of approximately RMB3.68 million) and such change was mainly due to (i) the net exchange losses recorded during the Year as compared with the net exchange gains recorded for 2019; (ii) the losses incurred for the movement of fair values of investment properties and financial assets during the Year as compared with gains incurred for the movement of the relevant fair values in 2019; and (iii) the losses incurred for the movement of fair value of convertible bonds and the impairment losses of goodwill and interest in an associate as compared with no such expenses incurred in 2019. The impairment losses of goodwill and interest in an associate were mainly due to the outbreak of the novel coronavirus pneumonia epidemic during the Year, which led to a significant slowdown in the PRC and global economy. The management reduced its revenue and earnings target after it re-examined the earnings forecast used to calculate the fair values of goodwill and interest in an associate, and goodwill suffered an impairment loss because the revenue of the system integration business of Weitu Group did not meet the expected target for the Year.

Share of loss of an associate

The Group's share of loss of an associate was approximately RMB0.23 million for the Year (2019: Nil), which was related to the loss attributable to acquisition of 15% of the issued share capital of Good Cheer Ventures Limited ("**Good Cheer**") by the Group. For further details, please refer to the section headed "Material acquisition and disposal of subsidiaries and affiliated companies — Material acquisition completed during the Year" in this announcement below.

Impairment losses under ECL model, net of reversal

The Group's impairment losses under ECL model, net of reversal were approximately RMB7.81 million for the Year (2019: reversal of impairment losses, net of reversal of approximately RMB0.17 million), including changes in expected credit losses during the Year for trade receivables, other receivables, contract assets and other financial assets.

Distribution and selling expenses

The Group's distribution and selling expenses increased by 77.6% to approximately RMB5.54 million for the Year (2019: approximately RMB3.12 million), which was mainly due to (i) the fact that more sales personnel are required to explore the market since IBO Information Technology has just commenced its business and most of its customers are educational institutions; and (ii) the completion of acquisition of Weitu Group by the Company in January 2019 and the related distribution and selling expenses arising from acquisition of Weitu Group, which were only calculated for two months in 2019, being calculated for the entire Year.

Administrative expenses

The Group's administrative expenses increased by 36.7% to approximately RMB71.88 million for the Year (2019: approximately RMB52.58 million), which was mainly due to (i) the passing of a resolution in respect of granting 20,000,000 share options to each of Mr. Lai and Ms. Cheng Yan (程雁) (“**Ms. Cheng**”) at the extraordinary general meetings held on 17 May 2019 and 15 October 2019 and the significant increase in the Group's staff cost (including share option expenses) resulting from the appointment of Ms. Cheng as an executive Director and vice chairperson by the Company on 7 August 2019; and (ii) the completion of acquisition of Weitu Group by the Company in January 2019 and the related administrative expenses arising from acquisition of Weitu Group, which were only calculated for two months in 2019, being calculated for the entire Year.

Finance costs

The Group's finance costs increased by 269.6% to approximately RMB10.35 million for the Year (2019: approximately RMB2.80 million), which was mainly due to the increase in interest expenses for the Year resulting from the increase in outstanding aggregate principle amount of bonds as compared to last year and placing of convertible bonds by the Group during the Year (please refer to the section headed “Capital structure, liquidity and financial resources” in this announcement below for details).

Research and development expenses

The Group's research and development expenses decreased by 27.4% to approximately RMB3.86 million for the Year (2019: approximately RMB5.32 million), which was mainly due to the allocation of related research and development expenses to the item to which it belongs and the inclusion of such expenses in cost of sales and services rendered.

Income tax expense

The Group's income tax expense was generally stable for the Year, with a slight increase of 0.1% to approximately RMB12.07 million (2019: approximately RMB12.06 million). The Group's loss before taxation for the Year was approximately RMB38.07 million (2019: profit before taxation of approximately RMB47.00 million, with effective tax rate of approximately 25.7%). Since the Company and its subsidiaries paid their taxes according to their own financial conditions, the losses of certain subsidiaries increased during the Year but did not reduce the tax burden of the subsidiaries that were subject to tax.

Loss attributable to owners for the Year

As a result of the foregoing, the Group's loss attributable to owners of the Company amounted to approximately RMB52.96 million for the Year (2019: profit attributable to owners of the Company of approximately RMB33.95 million) and such change was mainly due to (i) the decrease in gross profit margin; (ii) other net losses recorded for the Year as compared with other net gains recorded for 2019; and (iii) the increases in impairment losses, net of reversal, distribution and selling expenses, administrative expenses and finance costs for the Year.

Capital structure, liquidity and financial resources

The Group has adopted a strict financial management policy, and its financial position remained sound. As at 31 March 2020, the Group's net current assets were approximately RMB283.99 million (31 March 2019: approximately RMB227.06 million).

As at 31 March 2020, the Group's bank balances and cash were approximately RMB69.18 million (31 March 2019: approximately RMB61.68 million) and pledged bank deposits were approximately RMB2.19 million (31 March 2019: Nil). The current ratio (a ratio of current assets to current liabilities) was approximately 2.3 times (31 March 2019: approximately 2.5 times).

As at 31 March 2020, the Group's total bank borrowings were approximately RMB21.05 million (31 March 2019: approximately RMB25.63 million).

The Company issued bonds in the aggregate principal amount of HK\$43,600,000 for the Year (2019: HK\$34,600,000). On 31 March 2020, the outstanding aggregate principal amount of bonds was HK\$78,200,000 (31 March 2019: HK\$34,600,000). The bonds are transferable subject to the consent from the Company. The bonds will become due on the first to third anniversary of the issue date of the bonds. The bonds bear interest at a rate of 6% to 7% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

The Company completed the placing of convertible bonds in the aggregate principal amount of HK\$53,540,000 for the Year (2019: Nil). On 31 March 2020, the outstanding aggregate principal amount of convertible bonds of the Company was HK\$50,063,000 (31 March 2019: Nil). For details, please refer to the section headed "USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS" below in this announcement.

As at 31 March 2020, the authorised share capital of the Company was HK\$10 million divided into 1,000,000,000 Shares of HK\$0.01 each and the issued share capital of the Company was approximately HK\$4.1303 million divided into 413,027,509 Shares of HK\$0.01 each.

Gearing ratio

As at 31 March 2020, the Group's gearing ratio (calculated by dividing total borrowings (including bank borrowings, bonds payables and convertible bonds) by total equity) was approximately 51.6% (31 March 2019: approximately 17.9%).

Capital expenditure

During the Year, the Group's capital expenditure increased by 61.5% to approximately RMB9.85 million (2019: approximately RMB6.10 million), which was mainly used for transportation equipment, leasehold improvements, furniture, office equipment and development cost.

Capital commitment

As at 31 March 2020, the Group had no significant capital commitment (31 March 2019: 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. The Directors will monitor foreign exchange exposure closely and consider the use of hedging instruments when necessary.

Contingent liabilities

As at 31 March 2020, the Group had no significant contingent liabilities (31 March 2019: Nil).

Pledge of the Group's assets

As at 31 March 2020, all of the Group's bank deposits and investment properties have been pledged to secure banking facilities granted to the Group.

As at 31 March 2019, 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 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 at the consideration of RMB22,470,000 (equivalent to approximately HK\$26,265,183) (the “**Good Cheer Acquisition**”).

Good Cheer indirectly holds 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**”). The Good Cheer Acquisition was completed in October 2019.

Tongtianhui owns and operates a one-stop education technology service platform in the 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 the PRC, with demand of education services for their children. Tongtianhui has served over 600 education institutions and/or individual education service providers customers spanning over 6 segments in education including dancing, art, calligraphy, music, sport and kid-level computer programming. As at 31 March 2019, the online education platform of Tongtianhui had over 500,000 subscribers and over 100,000 average monthly active users.

The PRC government has promulgated a series of stimulus policies and regulations to promote the education industry for the recent years, such as the 13th Five Year Plan for Education Technology* (《教育信息化「十三五」規劃》) issued by the Ministry of Education of the PRC which emphasises the need to promote quality education and accelerate the development in education technology. According to study of the independent internet consultancy iiMedia Research Group, the online education market in the PRC has achieved total sales revenue of RMB281 billion in 2017 and is expected to exceed RMB433 billion by 2020, representing a compound annual growth rate of approximately 15.5%; while the number of online education users is expected to reach 296 million in 2020, representing a compound annual growth rate of approximately 25.2% comparing to the number of online education users of 151 million in 2017.

The Directors believe the Good Cheer Acquisition could provide synergy effect in technology to the Group as well as the Tongtianhui. Considering the extensive experience of the Group in technology development such as IoT, artificial intelligence, big data, cloud computing, etc., the appliance of such technology in the education industry could capture huge revenue from the market. Also, the management team of the Tongtianhui has extensive experience in providing technology services in the education industry, and has developed a business model with great development potential.

* For identification purpose only

The Group, by investing in Tongtianhui, could leverage on its advantages in the technology development and provide relevant technical support to the 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.

The Directors also believe the Good Cheer Acquisition could enable the Group to enter the education industry in a more efficient way in order to achieve expansion of business, and at the same time achieve investment gain through the rapid growing trend of the Tongtianhui.

Further details are set out in the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

Material disposal

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

The allotment and the issue of the Consideration Shares

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 based on the Issue Price of HK\$2.0 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 adjustment 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 “**Bright Leap Acquisition**”).

Weitu Group is indirectly and wholly-owned by Bright Leap. The Bright Leap Acquisition was completed in January 2019.

Pursuant to the sale and purchase agreement entered into between the Company and Wisdom Galore, Wisdom Galore, Bright Leap and Mr. Ke Chengwei (the guarantor) have made, guaranteed and promised, among other things, that the guaranteed profit for the year ended 31 March 2019 shall not be less than RMB10,000,000 (the “**First Year Guaranteed Profit**”), respectively.

The audited total profit of Bright Leap, a wholly-owned subsidiary of Bright Leap in Hong Kong and Weitu Group for the year ended 31 March 2019 exceeded the First Year Guaranteed Profit. Under the relevant Consideration Shares adjustment mechanism, 10,927,509 Consideration Shares of the First Year Guaranteed Profit have been allotted and issued to Wisdom Galore pursuant to the General Mandate on 17 September 2019. Further details, including the details of the Consideration Shares adjustment mechanism, are set out in the announcements of the Company dated 13 September 2018, 21 September 2018 and 17 September 2019.

Significant investment

The Group did not have any significant investment during the Year (including any investment in an investee company, which accounted for 5% or more of the Group's total assets as at 31 March 2020).

Future plans for significant investments and capital assets

The Group is currently exploring and identifying investment and acquisition business opportunities in the IoT market and 5G-related industries, and it is expected to use internal resources as capital funding for business expansion.

Employee and remuneration policy

As at 31 March 2020, the Group employed a total of 268 employees (31 March 2019: 257 employees). For the Year, staff costs (including Directors' emolument) was approximately RMB55.21 million (Year of 2019: approximately RMB37.14 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 Group also ensures that employees could have sufficient training and on-going professional and development opportunity based on their individual needs. 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 (the "**Share Option Scheme**"). 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. 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 pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019.

* For identification purpose only

MAJOR AWARDS AND CERTIFICATES

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Intelligent Fire-fighting Cloud Platform V1.0 by IBO Information	24 April 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for IBO Configuration Tool Applet Software V1.0 by IBO Information	24 April 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Liquid-level Monitoring Embedded Software V1.0 by IBO Information	24 April 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Parking Space Monitoring Equipment Embedded Software V1.0 by IBO Information	24 April 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Personnel Monitoring Equipment Embedded Software V1.0 by IBO Information	24 April 2019	National Copyright Administration of the PRC
Certificates of Utility Model Patent	IBO Information is granted a patent regarding Intelligent Parking Management System	21 May 2019	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Integrated Pipeline Operations Management System V1.0 by Yunwei Network	30 May 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Integrated Pipeline Health Assessment System V1.0 by Yunwei Network	30 May 2019	National Copyright Administration of the PRC

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Integrated Pipeline Monitoring Center System V1.0 by Yunwei Network	30 May 2019	National Copyright Administration of the PRC
Certificate of Promise-keeping	IBO Information is accredited as a 2018 Guangdong Province Enterprise of “Observing Contract and Valuing Credit”	June 2019	Market Supervision Administration of Shenzhen Municipality
Membership Certificate	IBO Information is admitted as a member of the Guangdong Public Security & Protection Technology Association	12 July 2019 to 11 July 2020	Guangdong Public Security & Protection Technology Association
Certificate of Invention Patent	IBO Information is granted a patent regarding the identification control equipment as well as the systems and methods based on its certification management of high pressure vessels	30 July 2019	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information is granted a patent regarding the vehicle detection devices based on the dual-mode non-contact induction	16 August 2019	National Intellectual Property Administration
Honourable Certificate	Yunwei Network is awarded the Award of Excellence in the Enterprise Category at the “Longhua District Qualifier of the 11th China (Shenzhen) Innovation and Entrepreneurship Competition cum the 3rd Longhua District Innovation and Entrepreneurship Competition”	9 September 2019	Shenzhen Longhua District Science and Technology Innovation Bureau

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Certificate of Utility Model Patent	IBO Information is granted a patent regarding the intelligent vehicle equipment and system	13 September 2019	National Intellectual Property Administration
Qualification Certificate in the Design, Construction and Maintenance	The design, construction and maintenance of Security & Protection Technology System of IBO Information being admitted as Grade IV	18 September 2019 to 17 September 2021	Security Technology Prevention and Management Office of Guangdong Public Security Department
Environmental Management Systems Certificate	It is thereby proved that the Environmental Management System of IBO Communication complies with the requirements under (GB/T24001-2016/ISO14001:2015) The coverage of the Environmental Management System includes the research and development, sales and related management activities of signal amplifiers, communication wireless repeaters, optical fiber communication repeaters and radio frequency module of communication base station	28 September 2019 to 27 September 2022	Guangdong Quality Testing CTC Certification Co., Ltd.

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Quality Management Systems Certificate	<p>It is thereby proved that the Quality Management System of IBO Communication complies with the requirements under (GB/T19001-2016/ISO9001:2015)</p> <p>The coverage of the Quality Management System includes the research and development and sales of signal amplifiers, communication wireless repeaters, optical fiber communication repeaters and radio frequency module of communication base station</p>	28 September 2019 to 27 September 2022	Guangdong Quality Testing CTC Certification Co., Ltd.
Occupational Health and Safety Management Systems Certificate	<p>It is thereby proved that the Occupational Health and Safety Management System of IBO Communication complies with the requirements under (ISO45001:2018)</p> <p>The coverage of the Occupational Health and Safety Management System includes the research and development, sales and related management activities of signal amplifiers, communication wireless repeaters, optical fiber communication repeaters and radio frequency module of communication base station</p>	28 September 2019 to 27 September 2022	Guangdong Quality Testing CTC Certification Co., Ltd.
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Intelligent Hydraulic Gauge Embedded Software V2.0 by IBO Information Technology	24 October 2019	National Copyright Administration of the PRC

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Intelligent Liquid-level Gauge Embedded Software V2.0 by IBO Information Technology	24 October 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Fire Safety Online Monitoring and Warning Management System V1.0 by IBO Information Technology	24 October 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for AIF Safety Monitoring Cloud Software V1.0 by IBO Information Technology	24 October 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Cattle Assistant Embedded Software V1.0 by IBO Digital	8 November 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Cattle Industry Chain Big Data Service Operations Command Platform V1.0 by IBO Digital	8 November 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Cattle Assistant Software V1.0 by IBO Digital	8 November 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Cattle Assistant Embedded Software V1.0 by IBO Digital	8 November 2019	National Copyright Administration of the PRC

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
High and New Technology Enterprise Certificate	IBO Information is recognised as a high and new technology enterprise	9 December 2019 to 8 December 2022	Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Taxation Administration
High and New Technology Enterprise Certificate	Weitu Technology is recognised as a high and new technology enterprise	9 December 2019 to 8 December 2022	Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Taxation Administration
Software Enterprise Certificate	Weitu Technology is accredited as a software enterprise	30 December 2019 to 29 December 2020	Shenzhen Software Industry Association
Certificate of Utility Model Patent	IBO Information Technology is granted a patent regarding the fire safety online monitoring and warning management system	31 December 2019	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for WaytoGIS for Cesium 3D Earth Platform Software (hereunder referred to as: 3D Earth Platform Software) V1.0 by Weitu Technology	8 January 2020	National Copyright Administration of the PRC
Certificate of Design Patent	IBO Information is granted a patent regarding the intelligent vehicle terminal	21 January 2020	National Intellectual Property Administration

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Pico Base Station High-power Transmission Unit Embedded Software V1.0 by IBO Communication	20 February 2020	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Pico Base Station Low-power Transmission Unit Embedded Software V1.0 by IBO Communication	20 February 2020	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Pico Base Station Extension Unit Embedded Software V1.0 by IBO Communication	20 February 2020	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Pico Base Station Online Management System Software V1.0 by IBO Communication	20 February 2020	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Pico Base Station Baseband Host Embedded Software V1.0 by IBO Communication	20 February 2020	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Intelligent Landscape 3D Visualisation Integrated Management Platform (hereunder referred to as: Landscape Visualisation Platform) V1.0 by Weitu Technology	27 February 2020	National Copyright Administration of the PRC

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR

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

On 10 June 2019, 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* (通遼智慧畜牧產業數字化項目)” in agriculture and livestock industry in the counties of Tongliao City (the same below), 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, mutually decided to establish strategic cooperation 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* (通遼智慧畜牧產業數字化項目)” to realise digitalisation of agriculture and 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* (通遼智慧畜牧產業數字化項目)” 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* (通遼智慧畜牧產業數字化項目)”. 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 agriculture and 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* (通遼智慧畜牧產業數字化項目)”. The Company plans to invest or procure investment of RMB1 billion or above in the next five to ten years to complete the construction of digitalised ecology of smart agriculture and livestock industry in Tongliao in order to realise the target of the “Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)”. Accordingly, at the first stage of the “Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)” of two to three years, the Company plans to contribute approximately RMB90 million for the establishment and implementation of the “Digitalisation Project of

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Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)”, among which, approximately RMB50 million, approximately RMB35 million and approximately RMB5 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.

Cooperation with China Unicom System Integration Limited Corporation (“Unicom”) in relation to 5G Network Construction Project in the Shili Dong’an Community in Heyuan City

On 23 October 2019, IBO Communication entered into a contract with Unicom in relation to “5G network construction project in the Shili Dong’an community in Heyuan City”, pursuant to which 5G network core equipment would be provided by IBO Communication with self-developed technology (including main frames of 5G pico base stations, extension units of 5G pico base stations, transmission units of 5G pico base stations and core network based on SA network) to construct a dedicated 5G network for the Shili Dong’an community in Heyuan City developed by Guangdong Dong’an Industrial Company Limited* (廣東東岸實業有限公司).

Substance of the project: the 5G network involved covers Guanshanyue Villa Area (觀山悅別墅區) Phase 7 and Jiangyu City Community (江語城小區) Phase 5 in Shili Dong’an Community in Heyuan City. IBO Communication will cooperate with Unicom to construct a dedicated 5G signal coverage system for the community on the basis of 5G pico base stations. Such system is connected to high-definition cameras, and technologies such as AI system, face recognition, behavior analysis, electronic fence, perimeter protection, environmental space security hazard warning are applied to achieve environmental security protection based on 5G network coverage.

Scale of the project: the 5G coverage area of this project is nearly 400,000 square meters in total.

Further details are set out in the announcement of the Company dated 23 October 2019.

Entering into 5G Networking Services Agreements with Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital* (陽春市婦幼保健院) respectively

On 19 November 2019, after a friendly negotiation, IBO Communication signed the 5G networking services agreements respectively with Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital based on the principle of “faithful cooperation and joint development”. The parties have committed to adhere to and perform the agreements, pursuant to which IBO Communication will provide 5G pico base stations series products and 5G networking services to Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital for the purpose of facilitating the construction of 5G communication infrastructure for remote medical services.

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The 5G networking services involved in the agreements includes the 5G pico base stations series products applying to China Unicom's system, which are self-developed and manufactured by IBO Communication, and 5G networking services (installation, tuning and testing of 5G pico base stations series products and accessing into 5G network). The abovementioned 5G pico base stations series products only support the 5G network of China United Network Communications Company Limited ("**China Unicom**"), including but not limited to main frames of 5G pico base stations (IBO5GBBU01), transmission units of 5G pico base stations (IBO5GRRUA26W05), 5G communication protocol stack software (IBO5GXZY001), 5G pico base stations network managing software (IBO5GWG001), etc., which will be installed and tuned and tested by IBO Communication to access the 5G network of China Unicom for, respectively, Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital to fully utilise. 5G pico base stations series products mentioned above are owed by IBO Communication.

Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital respectively make an undertaking to IBO Communication that it will use the 5G pico base stations series products agreed in the agreements for at least 3 years after the completion of installation, and the parties shall further negotiate for renewal upon the expiration.

Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital respectively undertake to designate China Unicom System Integration Limited Corporation, a wholly-owned subsidiary of China Unicom, to provide technical support and maintenance services for the 5G pico base stations series products and software to ensure the proper function of 5G network within the 3-year usage period mentioned above. Further details are set out in the announcement of the Company dated 19 November 2019.

Entering into Memorandum of Understanding in relation to the Strategic Cooperation Agreement with Yangchun Health Bureau

On 4 December 2019, IBO Communication, in response to the national call for medical integration and with the aim of "facilitating medical reform, benefiting the community", commenced the strategic cooperation in respect of 5G networking environment construction and 5G business incubation with Yangchun Health Bureau* (陽春市衛生健康局) by leveraging on the synergies of cloud networking of UIC, which promoted in-depth application of 5G technology in the smart healthcare industry and medical association in Yangchun so as to provide more highly-efficient and convenient healthcare services for the general public in Yangchun. In this regard, both parties entered into the memorandum of understanding in relation to the strategic cooperation agreement. Further details are set out in the announcement of the Company dated 4 December 2019.

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Entering into Memorandum of Understanding in relation to the Formation of a Joint Venture Company

On 19 February 2020, IBO Telecom Company Limited, a subsidiary of the Company, and Bit One Group Company Limited (“**Bit One**”, a company whose shares are listed on the Second Section of the Tokyo Stock Exchange (Stock Code: 2338)) entered into the memorandum of understanding, pursuant to which, both parties intend to form a joint venture company to engage in (i) provision of 5G core equipment, 5G network design and implementation service, 5G smart solutions and services and all relevant network connection, installation, on-going maintenance, technical support and customer services to medical institutions in the PRC; and (ii) distribution of 5G core equipment and provision of all relevant network connection services, installation, on-going maintenance, technical support and customer service in Japan. Further details are set out in the announcement of the Company dated 19 February 2020, 21 April 2020 and 19 June 2020.

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Mr. Lai and Shine Well Holdings Limited (the “**Covenantors**”) 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 of the Company dated 14 December 2017 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.

BUSINESS OUTLOOK AND STRATEGIES

Successfully promoting 5G-related business and achieving periodic results, expecting a promising development and prospect in the future

2019 is the first year of 5G commercialisation era in the PRC. The Group has captured the historic opportunity for the vigorous development of 5G network construction. By pivoting its focus towards the domestic market with a global vision, it has actively participated in the construction of 5G networks carried out by both domestic and foreign telecommunication operators and provided them with the series equipment of 5G small base stations, including pico base stations and femto base stations, to strive to become the leading product provider of the series equipment of small base stations in the construction of 5G networks by the domestic and foreign telecommunication operators.

5G will promote economic and social digital transformation and empower a variety of industries with its stronger performance, more scenarios and new ecology. Based on the Group’s experience in intelligent application in many sub-sectors over the past two decades, as well as its rich technology accumulation in the fields of IoT, big data, cloud computing, artificial intelligence, etc., the Group will actively integrate into the development of 5G

business application scenarios in various industries. By cooperating with external resources such as operators and industry partners with an open and inclusive attitude, we will jointly promote the rapid establishment and deployment of 5G typical business applications and continuously expand the application, promotion and popularisation of 5G in different industries and businesses. The Group will serve as a cross-industry 5G business application solution provider and an integrated construction and operation service provider to provide customers from different industries with comprehensive services, such as innovative 5G business application integration solutions, the planning and construction of customised and dedicated 5G network, as well as the operation and maintenance of industry application big data platforms.

Currently, the Group has taken its initiative to conduct independent research and development of its 5G small base station series products in the industry, including main frames of 5G pico base stations, extension units of 5G pico base stations, transmission units of 5G pico base stations, etc., and has obtained a number of its own intellectual property rights, namely software copyright. It has fulfilled all the conditions and possessed the capabilities to deliver its products to telecommunication operators and has successfully tapped into the market.

In October 2019, the Group entered into the “contract in relation to 5G network construction project in the Shili Dong’an community in Heyuan City” with Unicom, pursuant to which, Unicom will use the 5G small base station series products provided by the Group to construct a 5G network in the Shili Dong’an community in Heyuan City. The project is now at the stage of preparation for implementation.

In November 2019, the Group entered into the 5G networking services agreements with Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital, respectively to facilitate the construction of 5G communication infrastructure for remote medical treatments.

The Group is stepping up its marketing efforts in the promotion of 5G small base station products to the customer base of operators. It has established sales branches in various provinces and cities across the country to provide 5G small base station series products in line with the construction of 5G network by major local telecommunication operators and actively participated in bidding for the centralised procurement of 5G equipment by telecommunication operators. Meanwhile, the Group also relies on its branch in Hong Kong to develop overseas 4G/5G business and provide 4G/5G small base station series products to telecommunication operators in target countries/regions. Projects in multiple countries are currently under negotiation.

2019 is the first year to commence 5G construction in the PRC and 2020 will be the year of fully accelerating the popularisation of 5G network construction. Many countries and regions around the world will also accelerate the deployment of 5G commercial networks. In recent years, the PRC government has attached great importance to the construction of new infrastructure (hereunder referred to as the “**New Infrastructure**”) in seven major fields, including 5G infrastructure, big data centre, artificial intelligence and industrial internet. The major areas are closely linked and mutually promoted. In the period of economic recovery after COVID-19, the New Infrastructure was given even greater significance. Local governments have successively introduced ancillary measures to accelerate the development

and construction of the New Infrastructure. The Group believes that with the rapid advancement of the New Infrastructure, it will definitely promote the large-scale deployment of 5G construction as well as the application of integrated innovation in the areas of 5G, big data, artificial intelligence and industrial internet in the PRC.

Along with the commencement of 5G infrastructure construction and the continuous expansion of 5G commercialisation, the desire of a broad range of users for 5G network signal coverage is also growing at a rapid pace. Based on the features of 5G technology, 5G outdoor macro base stations have weak indoor signal coverage capability. A large number of 5G small base station products need to be deployed indoors to achieve full indoor coverage of 5G signals. Therefore, the demand for 5G small base station products of the Group is expected to usher in explosive growth and obtain huge development opportunities.

Relying on years of research and development efforts and technological accumulation, the Group will seize 5G opportunities to continue the optimisation of product development, strengthen marketing strategies and enhance in-depth cooperation with operators in order to offer 5G small base station series products and integrated solutions for the operators and provide them with a full range of business support for 5G mobile network coverage in indoor scenarios, so that it can continue to expand the sales scale of 5G small base station products for both domestic and foreign telecommunication operators.

In addition, the Group will further improve the existing 5G industry dedicated network solutions, and actively explore 5G industry dedicated network solutions in the emerging fields and 5G application solutions, such as 5G+ smart communities, 5G+ remote medical treatments, 5G+ smart education, 5G+ smart manufacturing, 5G+ smart light poles, etc. according to the needs of customers in various industries, so that 5G small base station products of the Group can be expanded and applied to dedicated 5G network construction in different industries and it is able to provide extensive 5G innovative applications and services to the customers from numerous industries.

With the help of the “New Infrastructure” policy, 5G small base station products and 5G innovative application related business of the Group have huge room for development and enormous growth potential.

Intensifying research and development efforts and diversifying products and services

The research and development team of the Group has invested huge manpower and material resources in the independent research and development of 5G pico base stations, and successfully developed a series of 5G pico base station products. Taking this as an opportunity, the Group has increased its research and development efforts in deepening the integration of 5G technology and related vertical industry technologies, so as to provide a more diversified digital products and services for smart communities, smart firefighting, smart agriculture and livestock, smart hospitals, smart parks, smart petrochemicals and other vertical fields.

Currently, the Group has completed the research, development and implementation of the following new products and services:

- Smart firefighting product line, including smart firefighting cloud platforms for fire warning services and nearly 10 smart hardware products for firefighting, including its related supporting NB-IoT water pressure detectors, water level detectors, DTU data transmission equipment, electrical wiring detectors, etc.;
- Smart community product line, including private cloud platforms for community 5G video security monitoring services, smart community showroom systems and 5G surveillance cameras, NB-IoT parking space detectors and other smart hardware products for communities; and
- Smart agriculture and livestock product line, including cloud platforms for cattle trading services, artificial intelligence systems for cattle visual measurement, cattle non-sensing identification systems, and wearable smart hardware products for cattle activity feature detection.

The Group is also improving the research and development of smart remote medical product line, smart park big data display product line and smart petrochemical mobile office platform product line in order to form digital technology products, services and solutions in multiple vertical industries.

Currently, the Group has completed the research and development of the following technologies:

- Machine vision applications based on artificial intelligence, including face recognition, facial expression recognition, human posture recognition (bone diagram), human motion recognition (such as falls, violent actions), clothing recognition (such as hats), cattle body measurement, cattle behaviour recognition and object recognition;
- 3D digitisation technology, including 3D model reconstruction based on depth imaging and 3D model visualisation technology;
- Communication technology applications, including NB-IoT communication technology, LoRa communication technology and 5G communication technology;
- Automated software development technology, including software development assumption identification, software development decision identification, software development technical debt identification, software defect assessment and repair and automated software deployment; and
- Other reserve technologies, including infrared temperature measurement technology and thermal imaging technology.

As for cooperation projects, the Group has cooperated with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司, “IAC”) in product design, production, development and sales of smart factories, consumer electronics and smart wearables; it has commenced extensive cooperation with Shenzhen University China-Australia BIM and Intelligence Construction Joint Research Center* (深圳大學中澳BIM與智慧建造聯合研究中心) for smart city construction and in the field of smart operation and maintenance, including joint technological advances, transformation of scientific research results, cultivation of professional talents and construction of post-doctoral workstations; the Group entered into the agreement for construction of “Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)” with the Tongliao Agriculture and Livestock Bureau during the Year to construct a digitalised ecology of smart agriculture and livestock industry in Tongliao.

Rooting in China and capturing global opportunities

IBO Communication and Bit One have intended to form a joint venture company to engage in provision of 5G core equipment, 5G network design and implementation services, 5G smart solutions and services and all relevant network connection, installation, on-going maintenance, technical support and customer services to medical institutions in China; and distribution of 5G core equipment and provision of all relevant network connection services, installation, on-going maintenance, technical support and customer service in Japan. This means that the Group is determined to increase its overseas presence and actively explore potential markets, such as Europe, America, Japan, India and Southeast Asia, while continuing to expand its market share in China. In the future, the Group will continue to exploit the overseas retail business of smart wearable products, consumer electronics and smart home appliances produced under the “Smart Factory 4.0” project, and further build a coordinated and globalised international marketing network system.

Continuing the expansion of “smart cities” in various sectors

According to the data from the IDC Worldwide Smart Cities Spending Guide, 2019H1 released by the International Data Corporation (IDC) in February 2020, until 2020, global spending on smart city initiatives will reach USD124 billion, representing a growth of 18.9% as compared to 2019. Spending in China, which is the second largest spender after the U.S., will amount to USD26.6 billion. The three hottest investment projects in the Chinese market are sustainable infrastructure, data-driven governance and digital management, respectively. The Group will leverage the first-mover advantage of 5G base station products with the combination of the existing IoT technological resources to integrate market resources and continue to deepen the development of smart agriculture and livestock, smart factories, consumer electronics, smart wearables, smart transportation, urban public service administration Software-as-a Service (SaaS) cloud platforms and other potential “smart city” segments, with a view to providing leading 5G•AIOT integrated solutions to customers in various industries.

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Identifying beneficial strategic investment opportunities

The New Infrastructure, which is guided by new development concepts, driven by technological innovation and based on information networks, is an infrastructure system that provides certain kinds of services, such as digital transformation, smart upgrades and integrated innovation. As a systematic project, the New Infrastructure is required to gather the wisdom and strength of all parties for further development. As the core of the New Infrastructure, 5G technology is being more widely integrated with various industries in the process of smart city construction. The Group will actively respond to the national call to seize the trend of 5G construction and accelerate the penetration of smart IoT in different industries to improve operating efficiency. At the same time, it will continue to cooperate with quality partners at home and abroad and jointly develop quality areas for a win-win situation.

Since China is a country with a large population, manufacturing business and internet, the New Infrastructure has rich application scenarios and a broad market space. The Group will be down-to-earth and strive for excellence to contribute to its own strength under the trend of 5G construction and in the process of promoting the New Infrastructure.

EVENTS AFTER THE REPORTING PERIOD

Resignation of Executive Director and Vice Chairperson and Cancellation of Share Options

Ms. Cheng Yan (程雁) has resigned as an executive Director and vice chairperson of the Company with effect from 25 May 2020 since Ms. Cheng wishes to start her personal career. On the same day, the Board also cancelled 20,000,000 share options granted to Ms. Cheng by the Company. Further details are set out in the announcement of the Company dated 25 May 2020.

Agent Cooperation Agreement for 5G Pico Base Stations Series Products

On 15 June 2020, based on the principle of mutual complementarity and integrity and win-win cooperation, upon mutual negotiation and consent, the Company and Wafer Systems Limited (“**Wafer Systems**”) have reached an agent cooperation agreement for 5G pico base stations series products in respect of the related issues of Wafer Systems’s promotion and sales of 5G pico base station related products provided by IBO Communication. The agreement shall be abided by both parties.

The 5G pico base station related products provided by IBO Communication include host control units (BBU) of pico base stations, extension units (EU) of pico base stations, remote radio units (RRU) of pico base stations, network management, installation services and core network.

Wafer Systems is responsible for all business activities including pre-sales, in-sales, and after-sales connection, communication, coordination, etc., and promotes the conclusion of transactions and collections as agreed. The Company cooperates with Wafer Systems to provide necessary pre-sales technical communication, exchanges and guidance, to enter into product sales contracts with end customers, and to deliver the products and render aftersales services for the products. Both parties are customer-centric, and if necessary, serve the end customers in the form of a unified team. Further details are set out in the announcement of the Company dated 15 June 2020.

Entering into Strategic Cooperation Agreement with Eternal Asia Supply Chain Management Ltd.

On 24 June 2020, in view of the long-term development strategy of IBO Information and Eternal Asia Supply Chain Management Ltd. (“**Eternal Asia Supply Chain**”), and in the spirit of cooperation of “reciprocity, mutual benefit, stability, long-lasting, high efficiency and high quality”, the parties decided to join forces to establish an in-depth strategic partnership in respect of the provision of the supply chain platform services for 5G small (pico) base station related products and indoor coverage system by Eternal Asia Supply Chain to IBO Information. The parties entered into a strategic cooperation agreement after friendly consultation.

During the term of the agreement, IBO Information engaged Eternal Asia Supply Chain to provide the supply chain services for “5G small (pico) base station related products and indoor coverage system”, including customs declaration, customs clearance, local logistics distribution, outward remittances and other services, as well as logistics and distribution and external settlement of upstream core components in the PRC.

The parties jointly determine the qualified suppliers of upstream core components for 5G small (pico) base station related products and indoor coverage system.

In view of the strong market demand for 5G small (pico) base station related products and indoor coverage system, it is expected that the scale of the supply chain services provided by Eternal Asia Supply Chain to IBO Information will exceed RMB1 billion per year.

The cooperation term is 3 years from 1 July 2020 to 30 June 2023; before the expiration of the cooperation term, the parties shall discuss the matter of renewal of the agreement.

Further details are set out in the announcement of the Company dated 24 June 2020.

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 2020, the Group has utilised all the net proceeds, and the 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 utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from global offering		Actually utilised amount as of 31 March 2020	Unutilised amount as of 31 March 2020
	%	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	14,344	–
Used for additional working capital and other general corporate purpose	10.0	8,800	8,800	–
	<u>100.0</u>	<u>88,000</u>	<u>88,000</u>	<u>–</u>

USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS

Completion of Placing of Convertible Bonds in a Total Principal Amount of HK\$22,400,000 under General Mandate

On 17 February 2019, the Company 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, places 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). 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 15 February 2019, being the last trading day before the date on which the terms of the issue were 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 of whom and whose ultimate beneficial owners are independent third parties. During the Year and as of 31 March 2020, the conversion rights attached to the convertible bonds with an principal amount of HK\$1,920,000 have been exercised at the initial conversion price of HK\$1.6 per conversion share, and 1,200,000 conversion shares have been allotted and issued to the convertible bond holders according to the terms and conditions of the convertible bonds with a par value of HK\$12,000, ranking pari passu with all of the issued shares on the date of allotment and among themselves in all aspects.

On 31 March 2020, the outstanding aggregate principal amount of convertible bonds was HK\$20,480,000, assuming the full conversion into conversion shares and based on the initial conversion price of HK\$1.6 per conversion share, 12,800,000 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\$128,000. 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) are approximately HK\$21,400,000 (equivalent to approximately RMB18,319,000). 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.

As of 31 March 2020, the Group has utilised a total of approximately RMB3.16 million from the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 3 April 2019, which are used for the project in relation to the strategic cooperation framework agreement with IAC as set out in the announcement of the Company dated 4 February 2019. The unutilised net proceeds from placing of convertible bonds have been deposited in a licensed financial institution. The utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from placing of convertible bonds		Actually utilised amount as of 31 March 2020	Unutilised amount as of 31 March 2020
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Project in relation to the strategic cooperation framework agreement with IAC	100.0	18,319	3,164	15,155

Completion of Placing of Convertible Bonds in a Total Principal Amount of HK\$31,140,000 under General Mandate

On 10 June 2019, the Company 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, places 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 determined, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.72 per Share.

On 10 July 2019, convertible bonds with an aggregate principal amount of HK\$31,140,000 have been successfully placed to the placees, all of whom and whose ultimate beneficial owners are independent third parties. During the Year and as of 31 March 2020, the conversion rights attached to the convertible bonds with an principal amount of HK\$1,557,000 have been exercised at the initial conversion price of HK\$1.73 per conversion share, and 900,000 conversion shares have been allotted and issued to the convertible bond holders according to the terms and conditions of the convertible bonds with a par value of HK\$9,000, ranking pari passu with all of the issued shares on the date of allotment and among themselves in all aspects.

On 31 March 2020, the outstanding aggregate principal amount of convertible bonds was HK\$29,583,000, assuming the full conversion into conversion shares, based on the initial conversion price of HK\$1.73 per conversion share, 17,100,000 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\$171,000. 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\$30,200,000 (equivalent to approximately RMB26,624,000). 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 announcements of the Company dated 10 June 2019 and 10 July 2019.

As of 31 March 2020, the Group has utilised a total of approximately RMB17.45 million from the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 10 July 2019, which are used for 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 voluntary announcement of the Company dated 10 June 2019. As disclosed in such voluntary announcement, at the first stage of such project of two to three years, the Company plans to contribute approximately RMB90 million for the establishment and implementation

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of its nine sub-projects, and the net proceeds provide the first round of funding for kicking off and setting up of such project. The unutilised net proceeds from placing of convertible bonds have been deposited in a licensed financial institution. The utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from placing of convertible bonds		Actually utilised amount as of 31 March 2020	Unutilised amount as of 31 March 2020
	%	RMB'000	RMB'000	RMB'000
Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)	100.0	26,624	17,446	9,178

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 (the "Audit Committee") 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 2020 have been reviewed by the Audit Committee, 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 2020.

The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2020 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 2020 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 2020 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

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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 FOR 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 for the Year.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING

To determine the eligibility of the Shareholders to attend the annual general meeting to be held on 15 September 2020, the register of members will be closed from 10 September 2020 to 15 September 2020, 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 p.m. on 9 September 2020.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2019: Nil).

2020 ANNUAL GENERAL MEETING

It is proposed that the 2020 annual general meeting of the Company (the "**2020 Annual General Meeting**") will be held on 15 September 2020. A notice convening the 2020 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be dispatched to the Shareholders 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
“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 (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 Wisdom Galore 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

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“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 Communication”	Shenzhen IBO Communication Company Limited* (深圳市艾伯通信有限公司), a subsidiary of the Company
“IBO Information”	IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a wholly-owned subsidiary of the Company
“IBO Information Technology”	IBO Shenzhen Information Technology Limited* (深圳市艾伯信息科技有限公司), a subsidiary of the Company
“IBO Digital”	IBO Shenzhen Digital Limited* (深圳市艾伯數字有限公司), a 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 on 28 December 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“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, 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

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“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 June 2020

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

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