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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 2021**

**RESULTS HIGHLIGHTS**

- Revenue for the year ended 31 March 2021 was approximately RMB560.33 million, representing an increase of 14.9% as compared with approximately RMB487.76 million for the year ended 31 March 2020.
- Gross profit for the year ended 31 March 2021 was approximately RMB116.02 million, representing an increase of 2.4% as compared with approximately RMB113.30 million for the year ended 31 March 2020. Gross profit margin for the year ended 31 March 2021 was 20.7%, representing a decrease of 2.5 percentage points as compared with 23.2% for the year ended 31 March 2020.
- Loss attributable to owners of the Company for the year ended 31 March 2021 was approximately RMB42.10 million, representing a decrease of 20.5% as compared to RMB52.96 million for the year ended 31 March 2020.
- Basic loss per Share for the year ended 31 March 2021 was approximately RMB9.81 cents, representing a decrease of 23.8% as compared to RMB12.87 cents for the year ended 31 March 2020.

## ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 March 2021 (the “Year”), together with the comparative figures for the year ended 31 March 2020 as below:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

|  | Notes | 2021<br>RMB'000  | 2020<br>RMB'000  |
|--|-------|------------------|------------------|
| Revenue  | 3     | 560,325          | 487,756          |
| Cost of sales and services rendered  |       | <u>(444,308)</u> | <u>(374,453)</u> |
| Gross profit   |       | 116,017          | 113,303          |
| Other income   |       | 4,832            | 4,514            |
| Other gains/(losses), net  | 4     | (33,987)         | (56,214)         |
| Share of results of an associate   |       | 120              | (226)            |
| Impairment losses under expected credit loss model,<br>net of reversal                 |       | (13,174)         | (7,814)          |
| Distribution and selling expenses  |       | (7,295)          | (5,543)          |
| Administrative expenses  |       | (50,956)         | (71,879)         |
| Finance costs  |       | (16,189)         | (10,353)         |
| Research and development expenses  |       | <u>(13,935)</u>  | <u>(3,856)</u>   |
| Loss before taxation   |       | (14,567)         | (38,068)         |
| Income tax expense   | 5     | <u>(12,955)</u>  | <u>(12,072)</u>  |
| Loss and total comprehensive expense for the year                                      | 6     | <u>(27,522)</u>  | <u>(50,140)</u>  |
| (Loss) profit and total comprehensive (expense) income<br>for the year attributable to |       |                  |                  |
| — Owners of the Company  |       | (42,097)         | (52,955)         |
| — Non-controlling interests  |       | <u>14,575</u>    | <u>2,815</u>     |
|  |       | <u>(27,522)</u>  | <u>(50,140)</u>  |
| Loss per share   |       |                  |                  |
| — Basic (RMB cents)  | 8     | <u>(9.81)</u>    | <u>(12.87)</u>   |
| — Diluted (RMB cents)  | 8     | <u>(9.81)</u>    | <u>(12.87)</u>   |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

|   | <i>Notes</i> | <b>2021</b><br><b>RMB'000</b> | 2020<br><i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| <b>Non-current assets</b>                             |              |                               |                        |
| Property, plant and equipment                         |              | <b>5,405</b>                  | 8,684                  |
| Right-of-use assets                                   |              | <b>1,337</b>                  | 8,696                  |
| Investment properties                                 |              | <b>20,200</b>                 | 20,100                 |
| Goodwill  |              | <b>23,632</b>                 | 23,632                 |
| Intangible assets                                     |              | <b>45,077</b>                 | 60,078                 |
| Interest in an associate                              |              | <b>5,507</b>                  | 7,780                  |
| Rental deposits                                       |              | <b>722</b>                    | 1,101                  |
| Deferred tax assets                                   |              | <b>4,571</b>                  | 2,034                  |
|   |              | <b>106,451</b>                | 132,105                |
| <b>Current assets</b>                                 |              |                               |                        |
| Inventories   |              | <b>1,779</b>                  | 675                    |
| Trade and other receivables                           | 9            | <b>573,390</b>                | 410,628                |
| Contract assets                                       |              | <b>17,666</b>                 | 11,740                 |
| Amount due from a related company                     |              | <b>248</b>                    | 243                    |
| Amounts due from non-controlling interests            |              | <b>814</b>                    | 1,704                  |
| Financial assets at fair value through profit or loss |              | <b>8,252</b>                  | 1,392                  |
| Pledged bank deposits                                 |              | <b>6,000</b>                  | 2,191                  |
| Bank balances and cash                                |              | <b>232,158</b>                | 69,178                 |
|   |              | <b>840,307</b>                | 497,751                |
| <b>Current liabilities</b>                            |              |                               |                        |
| Trade and other payables                              | 10           | <b>317,725</b>                | 100,362                |
| Lease liabilities                                     |              | <b>1,248</b>                  | 5,222                  |
| Amounts due to non-controlling interests              |              | <b>10,299</b>                 | 9,869                  |
| Tax payables  |              | <b>33,491</b>                 | 26,531                 |
| Bank and other borrowings                             |              | <b>32,707</b>                 | 19,844                 |
| Consideration payable                                 |              | <b>33,456</b>                 | 16,399                 |
| Bonds payables  |              | <b>39,586</b>                 | 35,538                 |
|   |              | <b>468,512</b>                | 213,765                |
| <b>Net current assets</b>                             |              | <b>371,795</b>                | 283,986                |
| <b>Total assets less current liabilities</b>          |              | <b>478,246</b>                | 416,091                |

|  | <b>2021</b>           | 2020           |
|--|-----------------------|----------------|
|  | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| <b>Non-current liabilities</b>               |                       |                |
| Consideration payable                        | –                     | 16,399         |
| Bank and other borrowings                    | <b>2,430</b>          | 1,210          |
| Bonds payables                               | <b>29,727</b>         | 31,101         |
| Convertible bonds                            | <b>44,787</b>         | 58,245         |
| Lease liabilities                            | <b>176</b>            | 3,685          |
| Deferred tax liabilities                     | <b>23,104</b>         | 22,731         |
|  | <u><b>100,224</b></u> | <u>133,371</u> |
|  | <u><b>378,022</b></u> | <u>282,720</u> |
| <b>Capital and reserves</b>                  |                       |                |
| Share capital                                | <b>4,103</b>          | 3,467          |
| Reserves                                     | <b>326,327</b>        | 246,236        |
|  | <u><b>330,430</b></u> | <u>249,703</u> |
| Equity attributable to owners of the Company | <b>330,430</b>        | 249,703        |
| Non-controlling interests                    | <b>47,592</b>         | 33,017         |
|  | <u><b>378,022</b></u> | <u>282,720</u> |
| <b>Total Equity</b>                          | <u><b>378,022</b></u> | <u>282,720</u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 1. GENERAL AND BASIS OF PRESENTATION

The Company (together with its subsidiaries, collectively referred to as the “**Group**”) 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 of Hong Kong Limited (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 Holdings Limited (“**Shine Well**”), which was incorporated in British Virgin Islands. 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

|  |                                |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8            | Definition of Material         |
| Amendments to HKFRS 3                      | Definition of a Business       |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

In addition, the Group has early applied the Amendment to HKFRS 16 COVID-19 Related Rent Concessions.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

### Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

### **Impacts on application of Amendments to HKFRS 3 Definition of a Business**

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

### **Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform**

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group.

### **Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions**

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 April 2021.

### 3. REVENUE AND SEGMENT INFORMATION

#### (i) Disaggregation of revenue from contracts with customers

##### *Types of goods or services*

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Intelligent terminal products sales   | 402,029                | 405,130                |
| Provision of coordination, management and installation services of smart cities | 100,974                | 9,986                  |
| Software development  | 45,492                 | 63,297                 |
| System maintenance services   | 11,830                 | 9,343                  |
|   | <u>560,325</u>         | <u>487,756</u>         |
| Total revenue from contracts with customers                                     | <u>560,325</u>         | <u>487,756</u>         |

##### *Timing of revenue recognition*

|                 | 2021  |   |  |   | Total<br><i>RMB'000</i> |
|-----------------|---|---|--|---|-------------------------|
|                 | Intelligent terminal products sales<br><i>RMB'000</i> | Provision of coordination, management and installation services of smart cities<br><i>RMB'000</i> | Software development<br><i>RMB'000</i> | System maintenance services<br><i>RMB'000</i> |                         |
| A point in time | 402,029   | –   | –                                      | –   | 402,029                 |
| Over time       | –   | 100,974   | 45,492                                 | 11,830  | 158,296                 |
|                 | <u>402,029</u>  | <u>100,974</u>  | <u>45,492</u>                          | <u>11,830</u>                                 | <u>560,325</u>          |
|                 | 2020  |   |  |   | Total<br><i>RMB'000</i> |
|                 | Intelligent terminal products sales<br><i>RMB'000</i> | Provision of coordination, management and installation services of smart cities<br><i>RMB'000</i> | Software development<br><i>RMB'000</i> | System maintenance services<br><i>RMB'000</i> |                         |
| A point in time | 405,130   | –   | –                                      | –   | 405,130                 |
| Over time       | –   | 9,986   | 63,297                                 | 9,343   | 82,626                  |
|                 | <u>405,130</u>  | <u>9,986</u>  | <u>63,297</u>                          | <u>9,343</u>                                  | <u>487,756</u>          |

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 2021*

|                                     | Types of goods or services                     |  |                                 |  | Total<br>RMB'000 |
|-------------------------------------|--|--|---------------------------------|--|------------------|
|                                     | Intelligent terminal products sales<br>RMB'000 | Provision of coordination, management and installation services of smart cities<br>RMB'000 | Software development<br>RMB'000 | System maintenance services<br>RMB'000 |                  |
| <b>Operating segments</b>           |  |  |                                 |  |                  |
| Intelligent terminal products sales | 402,004  | –  | –                               | –                                      | 402,004          |
| System integration                  | 25   | 100,974  | –                               | –                                      | 100,999          |
| Software development                | –  | –  | 45,492                          | –                                      | 45,492           |
| System maintenance services         | –  | –  | –                               | 11,830                                 | 11,830           |
|                                     | <u>402,029</u>                                 | <u>100,974</u>   | <u>45,492</u>                   | <u>11,830</u>                          | <u>560,325</u>   |

*For the year ended 31 March 2020*

|                                     | Types of goods or services                     |  |                                 |  | Total<br>RMB'000 |
|-------------------------------------|--|--|---------------------------------|--|------------------|
|                                     | Intelligent terminal products sales<br>RMB'000 | Provision of coordination, management and installation services of smart cities<br>RMB'000 | Software development<br>RMB'000 | System maintenance services<br>RMB'000 |                  |
| <b>Operating segments</b>           |  |  |                                 |  |                  |
| 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>   |

**(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 customers. The revenue from intelligent terminal products sales is recognised at a point of time when the products are accepted by the customer, at which point in time control is 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 based on historical records for the current and previous financial years 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 services 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 settle 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 2021 and 31 March 2020 and the expected timing of recognising revenue are as follows:

|   | <b>System maintenance services</b> |              |
|---|------------------------------------|--------------|
|   | <b>2021</b>                        | 2020         |
|   | <b>RMB'000</b>                     | RMB'000      |
| Within one year                                   | <b>136</b>                         | 4,910        |
| More than one year but not more than two years    | <b>66</b>                          | 67           |
| More than two years but not more than three years | <b>–</b>                           | 28           |
|   | <b>202</b>                         | <b>5,005</b> |

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 which 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 follows:

- (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<br>terminal<br>products<br>sales<br><i>RMB'000</i> | System<br>integration<br><i>RMB'000</i> | Software<br>development<br><i>RMB'000</i> | System<br>maintenance<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|--|---|---|---|-------------------------|
| <b>For the year ended 31 March 2021</b> |  |   |   |   |                         |
| REVENUE                                 |  |   |   |   |                         |
| External sales                          | <u>402,004</u>   | <u>100,999</u>                          | <u>45,492</u>                             | <u>11,830</u>                                       | <u>560,325</u>          |
| SEGMENT PROFIT                          | <u>38,365</u>  | <u>37,518</u>                           | <u>22,238</u>                             | <u>4,722</u>  | <u>102,843</u>          |
| Unallocated income                      |  |   |   |   | 4,832                   |
| Unallocated expenses                    |  |   |   |   | (72,186)                |
| Finance costs                           |  |   |   |   | (16,189)                |
| Unallocated other gains and losses      |  |   |   |   | (33,987)                |
| Share of results of an associate        |  |   |   |   | <u>120</u>              |
| Loss before taxation                    |  |   |   |   | <u>(14,567)</u>         |
|   | Intelligent<br>terminal<br>products<br>sales<br><i>RMB'000</i> | System<br>integration<br><i>RMB'000</i> | Software<br>development<br><i>RMB'000</i> | System<br>maintenance<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>For the year ended 31 March 2020</b> |  |   |   |   |                         |
| 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>  | 105,489                 |
| Unallocated income                      |  |   |   |   | 4,514                   |
| Unallocated expenses                    |  |   |   |   | (81,278)                |
| Finance costs                           |  |   |   |   | (10,353)                |
| Unallocated other gains and losses      |  |   |   |   | (56,214)                |
| Share of results of an associate        |  |   |   |   | <u>(226)</u>            |
| Loss before taxation                    |  |   |   |   | <u>(38,068)</u>         |

Segment profit represents the 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:

|                         | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|-------------------------|------------------------|------------------------|
| Customer A <sup>1</sup> | 123,578                | 225,721                |
| Customer B <sup>1</sup> | 117,458                | –                      |
| Customer C <sup>1</sup> | –                      | 97,462                 |
|                         | <u>          </u>      | <u>          </u>      |

<sup>1</sup> Revenue from intelligent terminal products sales segment

#### 4. OTHER GAINS/(LOSSES), NET

|  | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Loss on disposal of property, plant and equipment                                    | (249)                  | –                      |
| Gain (loss) on change in fair value of investment properties                         | 100                    | (400)                  |
| Gain (loss) on change in fair value of financial assets at FVTPL                     | 1,542                  | (826)                  |
| Loss on change in fair value of consideration payables                               | (16,633)               | (3,994)                |
| Net exchange gain (loss)   | 11,620                 | (5,196)                |
| Recognition of deferred loss from initial recognition<br>of convertible bonds        | (9,381)                | (6,289)                |
| Loss on change in fair value of the derivative component<br>of the convertible bonds | (18,757)               | (4,637)                |
| Impairment loss recognised on goodwill   | –                      | (20,525)               |
| Impairment loss recognised on interest in an associate                               | (2,393)                | (14,464)               |
| Others   | 164                    | 117                    |
|  | <u>          </u>      | <u>          </u>      |
|  | <u>(33,987)</u>        | <u>(56,214)</u>        |

## 5. INCOME TAX EXPENSE

|                                    | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| Current tax:                       |                        |                        |
| Hong Kong                          | –                      | –                      |
| PRC Enterprise Income Tax (“EIT”)  | 15,119                 | 14,231                 |
| Overprovision of EIT in prior year | –                      | (297)                  |
|                                    | <u>15,119</u>          | <u>13,934</u>          |
| Deferred tax                       | <u>(2,164)</u>         | <u>(1,862)</u>         |
|                                    | <u><u>12,955</u></u>   | <u><u>12,072</u></u>   |

### Hong Kong

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity was taxed at 8.25%, and profits above HK\$2 million was taxed at 16.5%.

During the current year, no provision for taxation in Hong Kong has been made as the Group has no assessable profit for the year (2020: Nil).

### PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the “**PRC EIT Law**”), the statutory tax rate of PRC subsidiaries is 25% during the year.

In December 2019, IBO Information renewed the qualification of High and New Technology Enterprise (“**HNTE**”) granted by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality (the “**Shenzhen Local Taxation Administrator**”) and Shenzhen Municipal office of the State Administration of Taxation and therefore is entitled to preferential tax rate of 15% up to December 2022 in accordance with the PRC EIT Law.

In December 2019, Weitu Technology was qualified as a HNTE granted by the Shenzhen Local Taxation Administrator and Shenzhen Municipal office of the State Administration of Taxation and is therefore entitled to preferential tax rate of 15% up to December 2022 in accordance with the PRC EIT Law.

Certain subsidiaries other than IBO Information and Weitu Technology located in PRC are qualified with the standard of small and low profit enterprises and are therefore entitled to preferential tax rate of 20%.

No provision for EIT for other subsidiaries have been made as other subsidiaries have no assessable profit for both years.

## 6. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

Loss and total comprehensive expense for the year has been arrived at after charging:

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Directors' remuneration:  |                        |                        |
| — Fees  | 3,315                  | 3,808                  |
| — Salaries and other allowances   | 4,147                  | 4,852                  |
| — Retirement benefit scheme contributions   | 54                     | 97                     |
| — Equity-settled share-based payments   | 3,141                  | 16,699                 |
| Other staff costs:  |                        |                        |
| — Salaries and other allowances   | 25,973                 | 23,954                 |
| — Retirement benefit scheme contributions   | 2,058                  | 2,212                  |
| — Equity-settled share-based payments   | 1,056                  | 3,587                  |
| Total staff costs   | <u>39,744</u>          | <u>55,209</u>          |
| Auditor's remuneration  | 4,738                  | 3,161                  |
| Depreciation of property, plant and equipment   | 2,877                  | 2,685                  |
| Depreciation of right-of-use assets   | 5,413                  | 2,988                  |
| Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses) | 19,688                 | 13,879                 |
| Cost of inventories recognised as an expense (included in cost of sales and services rendered)                  | <u>442,319</u>         | <u>374,067</u>         |

## 7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

## 8. LOSS PER SHARE

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

|   | 2021<br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Loss:   |                        |                        |
| Loss for the purposes of calculating basic and diluted loss per share                                       | <u>42,097</u>          | <u>52,955</u>          |
|   | 2021<br><i>'000</i>    | 2020<br><i>'000</i>    |
| Number of shares:   |                        |                        |
| Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share | <u>429,082</u>         | <u>411,590</u>         |

The computation of diluted loss per share for the years ended 31 March 2021 and 2020 does not assume the exercise of the Company's share options, the conversion of the outstanding convertible bonds or the issuance of consideration shares for the acquisition of subsidiaries since their assumed exercise, conversion or issuance would result in a decrease in loss per share.

## 9. TRADE AND OTHER RECEIVABLES

|                         | <b>2021</b><br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|-------------------------|-------------------------------|------------------------|
| Trade receivables       | <b>550,753</b>                | 338,215                |
| Less: allowance for ECL | <b>(22,292)</b>               | (9,147)                |
|                         | <b><u>528,461</u></b>         | <u>329,068</u>         |

The Group allows credit period ranging from 30 days to 270 days which are agreed with each of its trade customers.

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

|               | <b>2021</b><br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|---------------|-------------------------------|------------------------|
| 0–30 days     | <b>233,849</b>                | 99,406                 |
| 31–90 days    | <b>51,767</b>                 | 117,700                |
| 91–180 days   | <b>32,519</b>                 | 36,768                 |
| 181–365 days  | <b>156,378</b>                | 58,370                 |
| Over 365 days | <b>53,948</b>                 | 16,824                 |
|               | <b><u>528,461</u></b>         | <u>329,068</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:

|              | <b>2021</b><br><i>RMB'000</i> | 2020<br><i>RMB'000</i> |
|--------------|-------------------------------|------------------------|
| 0–30 days    | <b>150,656</b>                | 2,566                  |
| 31–90 days   | –                             | 51                     |
| Over 90 days | <b>40,304</b>                 | 28,610                 |
|              | <b><u>190,960</u></b>         | <u>31,227</u>          |

## 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 |              |                |              |
|-------------------------------------|-----------------------------|--------------|----------------|--------------|
|                                     | 2021                        |              | 2020           |              |
|                                     | RMB'000                     | %            | RMB'000        | %            |
| Intelligent terminal products sales | 402,004                     | 71.7         | 401,223        | 82.3         |
| System integration                  | 100,999                     | 18.0         | 13,893         | 2.8          |
| Software development                | 45,492                      | 8.2          | 63,297         | 13.0         |
| System maintenance services         | 11,830                      | 2.1          | 9,343          | 1.9          |
| Total                               | <u>560,325</u>              | <u>100.0</u> | <u>487,756</u> | <u>100.0</u> |

#### Intelligent terminal products sales

During the Year, the Group was committed to developing, producing and selling customized IoT intelligent terminal products to customers. In view of the impact of the COVID-19 pandemic on the China's economy has been reduced gradually in the latter part of the Year, the sales business of the Group's intelligent terminal products lightly increased during the Year, with revenue of approximately RMB402.00 million (2020: approximately RMB401.22 million), representing a year-on-year increase of approximately 0.2%, which accounts for 71.7% of the Group's total revenue.

During the Year, the Group's major customers included (i) a Beijing-based technology company mainly engaged in IoT business, to which the Group sold electronic products, including RF data transmission modules, storage modules, communication modules, main control modules and voltage testing modules; (ii) a Shenzhen-based integrated supply chain management company, to which the Group sold demo boards; (iii) a Shenzhen-based company engaged in provision of logistics services, to which the Group sold electronic products, including compound tags, compound intelligent tags, passive-tagged addressing software, epoxy passive tags and electronic tags; (iv) a Beijing-based intelligent technology company, to which the Group sold communication equipment and intelligent management platform; (v) a France-based brand company engaged in selling laptops, to which the Group sold laptops from Inventec Appliances (Pudong) Corporation\* (英華達(上海)科技有限公司) ("IAC"); (vi) a Hong Kong-based company engaged in provision of integrated supply chain services, to which the Group sold memory chips; (vii) China Mobile System Integration Co., Ltd.\* (中移

\* For identification purpose only

系統集成有限公司) (“**China Mobile Integration**”), to which the Group sold near-end terminals for 5G DAS system and far-end terminals for 5G DAS system, further details are set out in the section headed “MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR — Entering Into Equipment Procurement Contract for IBO New 5G Indoor Coverage System with China Mobile Integration” in this announcement below and the Company’s announcement dated 23 September 2020; and (viii) a Quanzhou-based communication company, to which the Group sold near-end terminals for 5G DAS system, far-end terminals for 5G DAS system and 5G pico base stations.

### **System integration**

Based on analysis and assessment of customers’ needs, the Group provides comprehensive and customized 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. The Group’s system integration business increased significantly during the Year with a revenue of approximately RMB101.00 million (2020: approximately RMB13.89 million), representing a significant increase of approximately 627.1%, which accounted for 18.0% of the Group’s total revenue.

Benefitting from recovery of the economy, Weitu Group has significant contribution to the revenue growth from system integration business for the Year, and its main clients include (i) a Shenzhen-based electronic trading company, for which the Group developed “Smart Park Intelligent System Integration Project”, including hardware equipment and materials, development of visual integrated operation management platform and integration of software and hardware systems for smart park; (ii) a Shenzhen-based company mainly engaged in computer, communication and other electronic devices manufacturing industry, for which the Group provided demand and supply research and analysis, product supply, software compatibility, deployment and trainings, and technical support; and (iii) a Shenzhen-based company mainly engaged in installation and maintenance of communication equipment, for which the Group developed “Science Park Intelligent System Integration Project”, including hardware equipment and materials, development of visual management system and integration of software and hardware systems; “Campus Intelligent System Integration Project”, including hardware equipment and materials, development of smart campus management platform and integration of software and hardware systems; “Plant Intelligent System Integration Project”, including hardware equipment and materials, development of operation and maintenance platform and integration of software and hardware systems.

### **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 customized software application development services. The revenue from software development business of the Group amounted to approximately RMB45.49 million (2020: approximately RMB63.30 million), representing a year-on-year decrease of approximately 28.1%, which accounts for 8.2% of the Group’s total revenue.

During the Year, the Group's major customers included (i) a Beijing-based technology development company, for which the Group developed the Smart Site Information Management System that consists of system management sub-system, site information sub-system, data release sub-system, data dash board sub-system and communication management sub-system, etc; and (ii) a Beijing-based technology company, for which the Group developed the data access and governance platform that consists of data management sub-system, data mining and analysis sub-system, data release sub-system and system management sub-system, etc.

During the Year, Weitu Group also contributes to the Group's revenue from software development business, and its main customers include (i) a Shenzhen-based decoration design engineering company, for which Weitu Group developed a "visualisation operation management platform", including visualisation operation interconnection platform and integrated operation management platform; and (ii) a Ningbo-based technology company, for which Weitu Group developed the "IoT Smart Park and Visualisation Integrated Management Platform", utilizing the IoT technology to gather data into a data service platform, where the platform performs data analysis and processing, thereby providing more advanced dynamic data application services.

### **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. The system maintenance services business of the Group increased during the Year, with a revenue of approximately RMB11.83 million (2020: approximately RMB9.34 million), representing a year-on-year increase of approximately 26.7% and accounting for 2.1% of total revenue of the Group.

During the Year, the major system maintenance services of the Group included (i) 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; and (ii) provision of 5G base station gateway integration test and pilot service for the existing network to a communications company in Guangdong. The service objectives include pilot deployment services of base station gateway, pilot deployment services of small base station, pilot system deployment, network integration and system integration services, small base stations, base station gateways, network management and 5GC walk-through test services, base station gateway and enterprise application server system network integration, and enterprise application server and edge cloud integration test services.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the Year increased by 14.9% to approximately RMB560.33 million (2020: approximately RMB487.76 million), which was mainly due to the economic recovery, significant growth in income of system integration business of the Group generated by Weitu Group, and a year-on-year increase in income of approximately 627.1% recorded in the system integration business.

## **Gross profit and gross profit margin**

The Group's gross profit increased by 2.4% to approximately RMB116.02 million for the Year (2020: approximately RMB113.30 million), which was mainly due to the economic recovery, significant growth in income of system integration business of the Group generated by Weitu Group, and a year-on-year increase in income of approximately 627.1% recorded in the system integration business. The gross profit margin decreased by 2.5 percentage points to 20.7% as compared with last year (2020: 23.2%), which was mainly due to the increase in amortisation expenses.

## **Other income**

The Group's other income for the Year mainly included (i) interest income from bank deposits; (ii) rental income; (iii) government grants; and (iv) others. Other income increased by 7.1% to approximately RMB4.83 million for the Year (2020: approximately RMB4.51 million), which was mainly due to the increase in other interest income for the Year.

## **Other losses, net**

The Group's other net losses decreased by 39.5% to approximately RMB33.99 million for the Year (2020: approximately RMB56.21 million), which was due to (i) the net exchange gains recorded during the Year as compared with the net exchange losses recorded for 2020; (ii) no impairment loss recognised on goodwill during the Year as compared with significant loss recorded in 2020; and (iii) significant decrease in impairment loss recognised on interest in an associate during the Year.

## **Share of results of an associate**

The Group's share of profit of an associate was approximately RMB0.12 million for the Year (2020: share of loss of an associate of approximately RMB0.23 million), which was related to the profit attributable to acquisition of 15% of the issued share capital of Good Cheer Ventures Limited by the Group. Further details are set out in the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

## **Impairment losses under ECL model, net of reversal**

During the Year, the Group's impairment losses under ECL model, net of reversal included changes in expected credit losses during the Year for trade receivables, other receivables, contract assets and other financial assets. During the Year, the impairment losses under ECL model, net of reversal increased by 68.6% to approximately RMB13.17 million (2020: approximately RMB7.81 million), which was mainly due to the increase in trade receivables during the Year.

## **Distribution and selling expenses**

The Group's distribution and selling expenses increased by 31.8% to approximately RMB7.30 million for the Year (2020: approximately RMB5.54 million), which was mainly because more sales personnel are required to explore the market since IBO Communication and IBO Information Technology have just commenced their businesses.

### **Administrative expenses**

The Group's administrative expenses decreased by 29.1% to approximately RMB50.96 million for the Year (2020: approximately RMB71.88 million), which was mainly due to the decrease in share option expenses.

### **Finance costs**

The Group's finance costs increased by 56.4% to approximately RMB16.19 million for the Year (2020: approximately RMB10.35 million), which was mainly due to the increase in interest expenses for the Year resulting from the increase in total outstanding principal of bonds, bank and other borrowings as compared to last year 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 increased by 261.1% to approximately RMB13.94 million for the Year (2020: approximately RMB3.86 million), which was mainly because more research and development resources are required since IBO Communication, IBO Information Technology and IBO Digital have just commenced their businesses.

### **Income tax expense**

The Group's income tax expense increased by 7.4% to approximately RMB12.96 million for the Year (2020: approximately RMB12.07 million), which was mainly due to the profit before tax recorded by IBO Communication for the Year and the increase in the profit before tax of Weitu Group, resulting in a corresponding increase in related income tax expenses. The Group's loss before tax for the Year decreased by 61.7% to approximately RMB14.57 million (2020: approximately RMB38.07 million). Since the Company and its subsidiaries paid their taxes according to their own financial conditions, the Group still recorded income tax expenses although it recorded a loss before tax during the Year.

### **Loss attributable to owners of the Company**

As a result of the foregoing, the Group's loss attributable to owners of the Company decreased by 20.5% to approximately RMB42.10 million for the Year (2020: approximately RMB52.96 million), which was mainly due to the decrease in other net losses and administrative expenses during 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 2021, the Group's net current assets were approximately RMB371.80 million (31 March 2020: approximately RMB283.99 million).

As at 31 March 2021, the Group's bank balances and cash were approximately RMB232.16 million (31 March 2020: approximately RMB69.18 million) and pledged bank deposits were approximately RMB6.00 million (31 March 2020: approximately RMB2.19 million). The current ratio (a ratio of current assets to current liabilities) was approximately 1.8 times (31 March 2020: approximately 2.3 times).

As at 31 March 2021, the Group's total bank and other borrowings were approximately RMB35.14 million (31 March 2020: approximately RMB21.05 million).

The Company issued bonds in the aggregate principal amount of HK\$49,000,000 for the Year (2020: HK\$43,600,000). On 31 March 2021, the outstanding aggregate principal amount of bonds of the Company was HK\$86,200,000 (31 March 2020: HK\$78,200,000). 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 1% to 7% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

As at 31 March 2021, the outstanding aggregate principal amount of convertible bonds of the Company was HK\$21,675,800 (31 March 2020: HK\$50,063,000). For details, please refer to the section headed "USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS" below in this announcement.

During the Year, 50,000,000 subscription shares were allotted and issued to Shine Well by the Company with total proceeds of HK\$75,000,000. For details, please refer to the section headed "Use of Net Proceeds from the Subscription of 50,000,000 Subscription Shares by a Connected Person under Specific Mandate" below in this announcement.

As at 31 March 2021, 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\$4.8826 million divided into 488,263,141 Shares of HK\$0.01 each.

## **Gearing ratio**

As at 31 March 2021, the Group's gearing ratio (calculated by dividing total borrowings (including bank and other borrowings, bonds payables and convertible bonds) by total equity) was approximately 39.5% (31 March 2020: approximately 51.6%).

## **Capital expenditure**

The Group's capital expenditure for the Year decreased by 50.3% to approximately RMB4.90 million (2020: approximately RMB9.85 million), which was used for office equipment and development cost.

## **Capital commitment**

As at 31 March 2021, the Group had no significant capital commitment (31 March 2020: 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 2021, the Group had no significant contingent liabilities (31 March 2020: Nil).

## **Pledge of the Group's assets**

As at 31 March 2021 and 31 March 2020, the Group's bank deposits and all of its investment properties have been pledged to secure banking facilities granted to the Group.

As at 31 March 2021, the Group's listed securities of aggregate carrying amount of HK\$281,000 (2020: Nil) were pledged by the Group to secure a margin account payable.

## **Material acquisition and disposal of subsidiaries and affiliated companies**

During the Year, the Group did not have any material acquisition and 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 2018 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 2020 shall not be less than RMB20,000,000 (the “**Second 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 2020 exceeded the Second Year Guaranteed Profit. Under the relevant Consideration Shares adjustment mechanism, 8,195,632 Consideration Shares of the Second Year Guaranteed Profit have been allotted and issued to Wisdom Galore pursuant to the 2018 General Mandate on 11 December 2020. 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, 17 September 2019 and 11 December 2020.

### **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 2021).

### **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 2021, the Group employed a total of 226 employees (31 March 2020: 268 employees). For the Year, staff costs (including Directors' emolument) was approximately RMB39.74 million (2020: approximately RMB55.21 million). By strictly following the Labour Law\* (《勞動法》), the Labour Contract Law\* (《勞動合同法》) and the Labour Dispute Mediation and Arbitration Law\* (《勞動爭議調解仲裁法》) of the PRC, 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 the 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 (the "Share Option Scheme") was adopted by the Company on 6 December 2017 to attract, retain and motivate talented employees to strive for future developments and expansion of the Group. On 29 June 2018, 40,000,000 share options have been granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme. On 17 February 2019, the Company proposed to grant a total of 20,000,000 share options to the Company's executive Director, the chairman of the Board and the controlling Shareholder, Mr. Lai Tse Ming ("Mr. Lai"), pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019.

## MAJOR AWARDS AND CERTIFICATES

| Accreditation & Certificates                         | Details   | Time of awarding/<br>Valid duration for awarding | Accredited/<br>Certified by                   |
|--|---|--|---|
| Certificate of Exterior Design Patent                | IBO Digital is granted a patent regarding the wearable intelligent devices (for animals)  | 24 April 2020                                    | National Intellectual Property Administration |
| Certificate of Utility Model Patent                  | IBO Information Technology is granted a patent regarding intelligent water pressure gauge with low-power consumption                  | 24 April 2020                                    | National Intellectual Property Administration |
| Computer Software Copyright Registration Certificate | Originally acquisition of all rights for AIF Safety Monitoring Cloud Software V2.0 by IBO Information Technology                      | 21 May 2020                                      | 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 V2.0 by IBO Information Technology | 21 May 2020                                      | National Copyright Administration of the PRC  |

\* For identification purpose only

| Accreditation & Certificates                                 | Details   | Time of awarding/<br>Valid duration for awarding | Accredited/<br>Certified by                           |
|--|---|--|---|
| Certificate of Environmental Management System               | <p>It is thereby proved that the Environmental Management System of IBO Information complies with the requirements under (GB/T24001-2016/ISO14001:2015)</p> <p>The coverage of the Environmental Management System includes the development of computer software, communication equipment and monitoring software, computer information system integration services, network and computer system operation and maintenance services; design, construction (installation), maintenance and related management activities of safety technology protection engineering (system) within the scope permitted by the China Security &amp; Protection Industry Association</p>                                   | 5 June 2020 to<br>4 June 2023                    | Guangdong Quality Testing CTC Certification Co., Ltd. |
| Occupational Health and Safety Management System Certificate | <p>It is thereby proved that the Occupational Health and Safety Management System of IBO Information complies with the requirements under (GB/T45001-2020/ISO45001:2018)</p> <p>The coverage of the Occupational Health and Safety Management System includes the development of computer software, communication equipment and monitoring software, computer information system integration services, network and computer system operation and maintenance services; design, construction (installation), maintenance and related management activities of safety technology protection engineering (system) within the scope permitted by the China Security &amp; Protection Industry Association</p> | 5 June 2020 to<br>4 June 2023                    | Guangdong Quality Testing CTC Certification Co., Ltd. |

| <b>Accreditation &amp; Certificates</b>                | <b>Details</b>   | <b>Time of awarding/<br/>Valid duration for<br/>awarding</b> | <b>Accredited/<br/>Certified by</b>                        |
|--|--|--|--|
| Certificate of Utility Model Patent                    | IBO Digital is granted a patent regarding the animal wearable intelligent equipment and animal activity monitoring system  | 23 June 2020   | National Intellectual Property Administration              |
| Certificate of Invention Patent                        | IBO Information is granted a patent regarding the body measurement method of cows based on the machine vision  | 26 June 2020   | National Intellectual Property Administration              |
| Evaluation Certificate                                 | Weitu Technology is recognized as an excellent solution provider for Smart Zone after evaluation   | September 2020   | Application Innovation Alliance of Smart Zone              |
| Joint Chairman Unit Certificate                        | Weitu Technology is recognized as the joint chairman unit of the Application Innovation Alliance of Smart Zone   | September 2020   | Application Innovation Alliance of Smart Zone              |
| Radio Transmission Equipment Type Approval Certificate | In accordance with the provision on the Radio Regulations of the PRC, the 5G Base Stations of IBO Communication (Equipment Type: IBORU-I-26), after examination, conforms to the provisions with its CMIIT ID: 2020CP11369 | 5 years from 30 September 2020                               | Ministry of Industry and Information Technology of the PRC |
| Radio Transmission Equipment Type Approval Certificate | In accordance with the provision on the Radio Regulations of the PRC, the 5G Base Stations of IBO Communication (Equipment Type: IBORU-I-33), after examination, conforms to the provisions with its CMIIT ID: 2020CP11724 | 5 years from 15 October 2020                                 | Ministry of Industry and Information Technology of the PRC |
| Radio Transmission Equipment Type Approval Certificate | In accordance with the provision on the Radio Regulations of the PRC, the 5G Base Stations of IBO Communication (Equipment Type: IBORU-I-35), after examination, conforms to the provisions with its CMIIT ID: 2020CP11682 | 5 years from 15 October 2020                                 | Ministry of Industry and Information Technology of the PRC |
| Certificate of Exterior Design Patent                  | IBO Information Technology is granted a patent regarding the pressure detection meter of the fire extinguisher with IoT  | 10 November 2020   | National Intellectual Property Administration              |

| <b>Accreditation &amp; Certificates</b>                         | <b>Details</b>  | <b>Time of awarding/<br/>Valid duration for<br/>awarding</b> | <b>Accredited/<br/>Certified by</b>                        |
|---|---|--|--|
| Certificate of Exterior Design Patent                           | IBO Communication is granted a patent regarding 5G integrated network management display device with graphical user interface   | 29 December 2020   | National Intellectual Property Administration              |
| Certificate of Exterior Design Patent                           | IBO Communication is granted a patent regarding display device with graphical user interface of 5G network management system  | 8 January 2021   | National Intellectual Property Administration              |
| Approval for network trial of telecommunication equipment       | In accordance with the provisions of “Communication Regulations of the PRC” and relevant national regulations, the 5G mobile communication base station of IBO Communication (Equipment Type: IBORU-I-35), after examination by the Ministry of Industry and Information Technology, was agreed to be connected to the public telecommunication network for trial | 19 January 2021 to 19 January 2022                           | Ministry of Industry and Information Technology of the PRC |
| Approval for network trial of telecommunication equipment       | In accordance with the provisions of “Communication Regulations of the PRC” and relevant national regulations, the 5G mobile communication base station of IBO Communication (Equipment Type: IBORU-I-26), after examination by the Ministry of Industry and Information Technology, was agreed to be connected to the public telecommunication network for trial | 19 January 2021 to 19 January 2022                           | Ministry of Industry and Information Technology of the PRC |
| Qualification Certificate for design, construction, maintenance | The qualification level of IBO Information Technology for the safety technology protection system in design, construction, and maintenance is at the 4th level  | 1 February 2021  | Shenzhen Municipal Public Security Bureau                  |
| Certificate of Utility Model Patent                             | IBO Information and IBO Communication are granted a patent regarding Visualized 5G radio frequency remote equipment   | 19 March 2021  | National Intellectual Property Administration              |

## **MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR**

### **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.

**Entering into Strategic Cooperation Agreement for 5G Infrastructure Construction with Union of Auspiciousness Capital (Chengdu) Co., Ltd\* (中聯瑞弘(成都)資產管理有限公司)**

On 30 June 2020, with the principle of cooperation and mutual benefit of IBO Information and Union of Auspiciousness Capital (Chengdu) Co., Ltd (“**Union of Auspiciousness**”), and in order to optimize and share resources leveraging on their professional team and abundant resources in respective areas, the parties intend to establish a friendly and stable strategic partnership for jointly promoting the 5G infrastructure construction project and realizing the deep integration of 5G technology with infrastructure. The parties entered into a strategic cooperation agreement for 5G infrastructure construction after friendly consultation.

The parties establish a joint venture company which will engage in the construction of 5G infrastructure. The joint venture’s company principal businesses include, but not limited to, 5G base station construction, 5G smart light pole construction, 5G smart zone construction, 5G smart healthcare construction.

Based on IBO Information’s 5G technical capabilities which are well recognized by Union of Auspiciousness, IBO Information provides 5G technical services for the 5G industry integration of Union of Auspiciousness.

During the period of cooperation between the parties, IBO Information provides to Union of Auspiciousness a series of its proprietary 5G small base station products (including but not limited to main frames of 5G small base station, transmission units of 5G small base station, 5G communication protocol stack software, network management software of 5G small base station), Artificial Intelligence & Internet of Things (AIOT) terminal products and integrated solutions for the 5G industry chain, enabling Union of Auspiciousness to lay out for the 5G infrastructure construction.

The parties establish a joint venture company preparatory group, the members of which are delegated by the parties. The parties will actively promote the negotiation and signing of the formal project cooperation contract, and will carry out specific work on other cooperation matters stipulated in the agreement.

Further details are set out in the announcement of the Company dated 30 June 2020.

\* *For identification purpose only*

## **Entering into Framework Cooperation Agreement in relation to the 5G Infrastructure Construction with Bureau of Industry and Information Technology of Kunming**

On 17 July 2020, in order to jointly promote the development of 5G industry in Yunnan Province, accelerate the 5G infrastructure construction in Yunnan Province, and actively serve and integrate itself into the national development strategy of “new infrastructure”, Bureau of Industry and Information Technology of Kunming is committed to promoting the 5G infrastructure construction, and cultivating and incubating the 5G industry cluster, so as to help Kunming to form a “1452” 5G industry landscape, and enters into a framework cooperation agreement in relation to the 5G infrastructure construction with IBO Communication after friendly negotiation in accordance with the principle of “mutual complementarity, mutual benefit, effectiveness and joint development”.

Relying on the advantages of Bureau of Industry and Information Technology of Kunming in industries, resources, environment, policies and locations as well as the demand for 5G infrastructure construction, and giving full play to the advantages of IBO Communication in products, technologies, operations and industry chain, both parties will carry out all-round cooperation in the fields such as 5G small base stations and DAS system products production, 5G+ smart government affairs, 5G+ smart parks, 5G+ smart medical care, 5G+ smart education and 5G industry application demonstration projects, in order to jointly build the base of “New 5G Infrastructure Industry” in Kunming and develop a 5G industry ecosystem.

Further details are set out in the announcement of the Company dated 17 July 2020.

## **Entering into Equipment Procurement Contract for IBO New 5G Indoor Coverage System with China Mobile Integration**

On 23 September 2020, China Mobile Integration and IBO Communication entered into the equipment procurement contract for IBO New 5G Indoor Coverage system based on the principles of equality, mutual benefit and consensus after negotiation. Pursuant to the procurement contract, China Mobile Integration would purchase products including near-end terminals for 5G DAS system and far-end terminals for 5G DAS system from IBO Communication at a total consideration of RMB32,544,000.

Further details are set out in the announcement of the Company dated 23 September 2020.

## **Obtaining 5G Private Network Procurement Bid-Winning Notice**

On 24 March 2021, IBO Communication has obtained the 5G private network procurement bid-winning notice issued by the Changzhou branch (“**Changzhou Telecom**”) of China Telecom Corporation Limited with a contract amount of RMB2,385,000. This private network is the necessary communication network provided by IBO Communication and Changzhou Telecom for the construction of a “5G digital factory” to an extra-large steel group.

Further details are set out in the announcement of the Company dated 24 March 2021.

## **DEED OF NON-COMPETITION**

The Company has received the written confirmation from each of Mr. Lai and Shine Well (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 paragraph 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**

### **5G business continues to focus on operators’ centralised procurement**

2021 is the third year of 5G commercial use and also the year of accelerated use of 5G. According to the Ministry of Industry and Information Technology, by the end of March 2021, China has built 819,000 5G base stations, accounting for over 70% of the world’s total, and has built the world’s largest independent 5G network. In addition, China has more than 9,000 innovative 5G application cases, and 5G is rapidly integrating into every industry and presenting various characteristics, which forma leading advantage of the system.

According to the public information published by the Ministry of Industry and Information Technology of the PRC on 26 January 2021, IBO Communication obtained the Network Access Licence for Telecommunication Equipment issued by the Ministry of Industry and Information Technology of China, which includes the 5G frequency band of the three major operators, namely China or the China Mobile, China Telecom and China Unicom, granting recognition to the Group’s 5G products.

IBO Communication has successfully taken the lead in developing 5G pico base station in August 2019. During the Year, it continued to increase its investment in the research and development of 5G series products. The self-developed new generation of low-cost indoor coverage products of 5G signals passed the technical test of China Mobile Group at Shandong Binzhou Wanda Plaza on 6 August 2020. The system is able to make full use of the original 2G/3G/4G feeder cable DAS indoor coverage system of operators, and feed 5G signal into the original DAS system to achieve low-cost and rapid indoor coverage of 5G signal. The research and development of new products effectively enrich the Group’s 5G product line and is expected to play a more important role in the centralized procurement of the mobile communication operators in China in 2021.

On 23 September 2020, China Mobile Integration purchased products including near-end terminals for 5G DAS system and far-end terminals for 5G DAS system from IBO Communication at a total consideration of RMB32,544,000. On 24 March 2021, IBO Communication obtained the “5G private network procurement bid-winning notice” issued by Changzhou Telecom with a contract amount of RMB2,385,000. The private network is the necessary communication network provided by IBO Communication and Changzhou Telecom for the construction of a “5G digital factory” to an extra-large steel group.

The future strategic direction of the Company is 5G core equipment/private network and their industrial application. The Group’s 5G core team will continue to rely on its independent research and development capabilities to consolidate the technological advantages of 5G small and micro base stations, indoor distribution systems, private network and other products, and strive to gain more market share in the centralized procurement of the mobile communication operators in China from 2021 and onwards.

### **Deepen the application of 5G industry and create sample application scenario**

At present, the Group has launched a series of self-developed 5G small base stations, getting ahead of other companies in the industry in terms of technology and time with a number of proprietary intellectual property rights (software copyrights) obtained, and has supplied products to telecom operators and launched products to the market in different industries and fields. Based on the Group’s extensive experience in the field of IoT for over 20 years, the Group has previously proposed the “5G•AIoT” strategy, which aimed to combine 5G base stations, indoor distribution systems, private network and other technologies with IoT and various application scenarios, to explore more diversified commercial application scenarios in the 5G era in different industries, to grasp the technology trend and to seek further breakthroughs.

Since January 2020, the Group has entered into a cooperation agreement with Yunnan Long-Spring Education Group\* (雲南長水教育控股集團) in respect of the “5G+AI smart education”. After the establishment of the “5G+AI smart education” laboratory in Kunming Hengshui Experimental Middle School\* (昆明衡水實驗中學), the Group entered into a framework cooperation agreement in relation to the 5G infrastructure construction with the Bureau of Industry and Information Technology of Kunming, Yunnan Province in July 2020 for the purpose of jointly promoting the 5G infrastructure construction, and cultivating and incubating the 5G industry cluster, so as to help Kunming, Yunnan Province to form a “1452” 5G industry landscape.

The cooperation between the Group and Yunnan Long-Spring Education Group\* (雲南長水教育控股集團) is an exploration in the field of 5G smart education. For the smart medical industry, the Group provided 5G networking services to Yangchun Chinese Medicine Hospital and Yangchun Maternity and Child Health Hospital\* (陽春市婦幼保健院), seeking for more in-depth industrial applications in smart medical. For the real estate industry, IBO Communication is also actively following up the “5G network construction project in the Shili Dong’an community in Heyuan City”, with coverage area of nearly 400,000 square meters. On 24 March 2021, Changzhou Telecom won the bid for the construction of a “5G digital factory” to an extra-large steel group, which is a beneficial exploration of the application of 5G

\* For identification purpose only

technology in the manufacturing industry. IBO Communication is actively integrating 5G in the scenario development of business applications in different industries, as well as jointly promoting 5G typical application scenarios and the application, promotion and popularization of the Group's 5G products in different industries and business with an open and inclusive attitude, together with external resources such as operators and industry partners.

### **Smart manufacturing and capturing global opportunities**

With the gradual popularization of COVID-19 vaccination in the world and the recovery of global economy, the Group will further expand its overseas retail sales business and build a collaborative and globalized international marketing network system by grasping the trend and seizing the opportunities.

### **Continuing the expansion of “smart cities” in various sectors**

According to the “2021 Overall Industry Landscape in China Smart Cities Construction” (《2021年中國智慧城市建設產業全景圖譜》) issued by the Prospects Industry Research Institute, in 2020, the expenditure scale of China's smart city market had reached USD\$25.9 billion. In December 2020, the “Action Plan for Innovation and Development of Industrial Internet (2021–2023)” (《工業互聯網創新發展行動計劃(2021–2023年)》) pointed out that it is necessary to cultivate a group of system integration solution providers and expand the standardized application of smart cities and other fields.

As a veteran in the field of IoT for more than 20 years, the Group continued to deploy its presence in the field of smart cities. The research and development breakthroughs in the communication sector and the commercialisation of 5G technology in different application scenarios provide more effective experience and methods for the Group to expand in the field of “smart cities”. The Group will continue to adhere to the “5G•AIoT” strategy, integrate market resources and further develop the “smart cities” sub-sectors such as smart agriculture and smart factories, so as to provide customers in different industries with leading “5G•AIoT” integrated solutions.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Placing of New Shares under 2020 General Mandate**

On 5 May 2021, the Company and Guotai Junan Securities (Hong Kong) Limited (as the placing agent) entered into a placing agreement, pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 21,000,000 placing shares to the placees at the placing price of HK\$3.69 per Share. On 5 May 2021 (being the date of entering into of the placing agreement), the closing price per Share as quoted on the Stock Exchange was HK\$4.30.

On 13 May 2021, all the 21,000,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$3.69 per placing share pursuant to the terms and conditions of the placing agreement. The aggregate nominal value of the placing shares was HK\$210,000. Those placees, together with their respective ultimate beneficial owners, are third parties independent of, not acting in concert and not connected with the Company or its connected persons. None of the placees has become a substantial Shareholder upon completion of the placing.

Further details are set out in the annual report of the Company for the Year and the announcements of the Company dated 5 May 2021 and 13 May 2021.

### **Change of Auditor**

On 8 June 2021, Deloitte Touche Tohmatsu resigned as the auditor of the Company, and KTC Partners CPA Limited was appointed as the auditor of the Company on the same day. Further details are set out in the announcement of the Company dated 8 June 2021.

### **Entering into Strategic Cooperation Framework Agreement with Shenzhen Alba Culture and Sports Development Company Limited**

On 22 June 2021, in view of the professional team capabilities and abundant resource advantages of IBO Communication and Shenzhen Alba Culture and Sports Development Company Limited (“**Alba Culture and Sports Development**”) in their respective industry and in order to optimise and share resources, the parties have entered into a strategic cooperation framework agreement to establish an amicable and stable strategic cooperation relationship.

Alba Culture and Sports Development and its affiliated companies manage and cooperate over 6,600 e-sports stadiums and over 2,000 e-sports hotels across the country. IBO Communication is responsible for coordinating the resources of the operators to provide telecommunications value-added services such as 5G signal coverage, optical fibre leased lines, edge computing, edge storage and network acceleration. IBO Communication is responsible for liaising with the operators for the coverage of 5G signals in the above project scenarios of Alba Culture and Sports Development, while Alba Culture and Sports Development provides support and assists IBO Communication in its cooperation with the operators.

By fully leveraging on their respective resource advantages, the parties will cooperate in areas such as e-sports and peripheral industries, cloud-based education and smart cultural tourism to realise the industrial application of 5G technology in business scenarios such as pan-entertainment and e-sports, so as to meet the needs of users for 5G.

Further details are set out in the announcement of the Company dated 22 June 2021.

## **USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS**

### **Placing of Convertible Bonds in a Total Principal Amount of HK\$22,400,000 under 2018 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 places, all of whom and whose ultimate beneficial owners are independent third parties. During the Year, the conversion rights attached to the convertible bonds with an principal amount of HK\$13,440,000 have been exercised and converted into 8,400,000 conversion shares (with an aggregate nominal value of HK\$84,000) at the initial conversion price of HK\$1.6 per conversion share. As of 31 March 2021, the conversion rights attached to the convertible bonds with an principal amount of HK\$15,360,000 have been exercised at the initial conversion price of HK\$1.6 per conversion share, and 9,600,000 conversion shares have been allotted and issued to the convertible bond holders, according to the terms and conditions of the convertible bonds with an aggregate nominal value of HK\$96,000, ranking pari passu with all of the issued Shares on the date of allotment and among themselves in all aspects.

On 31 March 2021, the outstanding aggregate principal amount of convertible bonds was HK\$7,040,000. Assuming the full conversion into conversion shares and based on the initial conversion price of HK\$1.6 per conversion share, 4,400,000 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\$44,000. The conversion shares will be allotted and issued under the 2018 General Mandate.

The gross proceeds from the placing are 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 2021, the Group has fully utilised 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 utilisation of net proceeds was summarised as below:

|   | Original allocation of<br>net proceeds from<br>placing of convertible bonds |         | Actually<br>utilised<br>amount as of<br>31 March<br>2021 | Unutilised<br>amount as of<br>31 March<br>2021 |
|---|---|---------|--|--|
|   | %   | RMB'000 | RMB'000  | RMB'000  |
| Project in relation to the strategic cooperation framework agreement with IAC | 100.0   | 18,319  | 18,319   | –  |

### Placing of Convertible Bonds in a Total Principal Amount of HK\$31,140,000 under 2018 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, the conversion rights attached to the convertible bonds with the principal amount in HK\$14,947,200 have been exercised and converted into 8,640,000 conversion shares (with an aggregate nominal value of HK\$86,400) at the initial conversion price of HK\$1.73 per conversion share. As of 31 March 2021, the conversion rights attached to the convertible bonds with an principal amount of HK\$16,504,200 have been exercised at the initial conversion price of HK\$1.73 per conversion share, and 9,540,000 conversion shares have been allotted and issued to the convertible bond holders according to the terms and conditions of the convertible bonds with an aggregate nominal value of HK\$95,400, ranking pari passu with all of the issued Shares on the date of allotment and among themselves in all aspects.

On 31 March 2021, the outstanding aggregate principal amount of convertible bonds was HK\$14,635,800, assuming the full conversion into conversion shares, based on the initial conversion price of HK\$1.73 per conversion share, 8,460,000 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\$84,600. The conversion shares will be allotted and issued under the 2018 General Mandate.

The gross proceeds from the placing are HK\$31,140,000. The net proceeds from the placing (after deducting the placing commission and other expenses) are 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 2021, the Group has fully utilised 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 disclosed in such voluntary announcement, at the first stage of such project of two to three years, the Company plans to contribute approximately RMB90,000,000 for the establishment and implementation 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 utilisation of net proceeds was summarised as below:

|  | Original allocation of<br>net proceeds from<br>placing of convertible bonds |         | Actually<br>utilised<br>amount as of<br>31 March<br>2021 | Unutilised<br>amount as of<br>31 March<br>2021 |
|--|---|---------|--|--|
|  | %   | RMB'000 | RMB'000  | RMB'000  |
| Digitalisation Project of Smart<br>Agriculture and Livestock<br>Industry in Tongliao*<br>(通遼智慧畜牧產業數字化項目) | 100.0   | 26,624  | 26,624   | –  |

#### **Use of Net Proceeds from the Subscription of 50,000,000 Subscription Shares by a Connected Person under Specific Mandate**

On 17 February 2019, the Company entered into the subscription agreement with Shine Well, pursuant to which Shine Well has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 100,000,000 subscription shares at the subscription price of HK\$1.5 per subscription share at a cash consideration of up to HK\$150,000,000. The aggregate nominal value of the subscription shares is HK\$1,000,000.

\* For identification purpose only

The subscription shares will be allotted and issued pursuant to the specific mandate. The subscription shares, when issued and fully paid, will rank pari passu among themselves and with all existing Shares presently in issue and at the time of allotment and issue of the subscription shares. The subscription will be completed in two stages with 50,000,000 subscription shares in each of the First Stage Subscription and the Second Stage Subscription (as defined in the circular of the Company dated 25 April 2019). Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 15 February 2019, being the last trading day before the date on which the terms of issue to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.6 per Share. The estimated net proceeds from the subscription will be up to approximately HK\$149 million (after deducting all relevant expenses), therefore the net issue price per subscription share is approximately HK\$1.49.

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

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

Pursuant to one of the conditions precedents to the First Stage Subscription of the subscription agreement, the respective total revenue of the Group as shown in the relevant audit report to be prepared by the auditor of the Company for each of the financial years ended 31 March 2019 and 31 March 2020 being not lower than RMB265,875,000 and RMB358,931,250 (the "**First Revenue Targets**"). The audited reports of the Group for each of the financial years ended 31 March 2019 and 31 March 2020 indicated that the First Revenue Targets had exceeded RMB265,875,000 and RMB358,931,250 respectively. Pursuant to the third supplemental agreement, as additional time was required by the Shine Well to complete the financial arrangement in relation to the First Stage Subscription, the parties mutually agreed to extend the completion of the First Stage Subscription to 26 February 2021.

On 3 February 2021, as all of the conditions precedents of the First Stage Subscription have been fulfilled and the Shine Well has completed the financial arrangement in relation to the First Stage Subscription, 50,000,000 subscription shares with aggregate nominal value of HK\$500,000 were allotted and issued to the Shine Well at a subscription price of HK\$1.5 per subscription share under the specific mandate and the First Stage Subscription was completed total proceeds amounted to HK\$75,000,000. The net proceeds from the First Stage Subscription (after deducting all related expenses) were approximately HK\$74.5 million (equivalent to approximately RMB62.2 million), and the net issue price per subscription share after deduction of related expenses is approximately HK\$1.49. Further details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020 and 3 February 2021 and the circular of the Company dated 25 April 2019.

As of 31 March 2021, the Group has used a total of approximately RMB23.40 million of the net proceeds, and the net proceeds have been used in the manner as set out in the circular of the Company dated 25 April 2019 (i.e. for the I4 Project, the FSM Project, the MS Project and other projects as stated in the circular of the Company dated 25 April 2019), as well as for additional working capital and other general corporate purposes such as staff costs, auditor's remuneration and rental expenses, etc. The unutilised portion of the net proceeds from the subscription of 50,000,000 Shares by a connected person under specific mandate has been deposited in licensed financial institutions. Set out below are summary of use of the net proceeds:

|  | Original allocation of<br>net proceeds from subscription of<br>50,000,000 subscription shares<br>(Note 1) |             | Actually utilised<br>amount as of<br>31 March 2021 | Unutilised<br>amount as of<br>31 March 2021 |
|--|---|-------------|--|---|
|  | %   | RMB million | RMB million  | RMB million                                 |
| I4 Project   | 77.8  | 48.4        | 11.1(Note 2)                                       | 37.3(Notes 3, 5)                            |
| Additional working capital and<br>other general corporate purposes | 14.8  | 9.2         | 9.2  | –   |
| FSM Project  | 3.4   | 2.1         | 0.6  | 1.5(Notes 4, 5)                             |
| Other projects, including but not<br>limited to the MS Project     | 4.0   | 2.5         | 2.5  | –   |
|  | <u>100.0</u>  | <u>62.2</u> | <u>23.4</u>  | <u>38.8</u>                                 |

*Notes:*

1. The amount here is less than that in the section headed “(I) THE SUBSCRIPTION — Use of Proceeds” in the letter from Board in the circular of the Company dated 25 April 2019. This is only due to the completion of First Stage Subscription and not completion of the Second Stage Subscription as at 31 March 2021, as well as the fluctuation of the exchange rate. The original allocation of the net proceeds was adjusted in the proportion set out in the circular of the Company dated 25 April 2019.
2. As stated in the circular of the Company dated 25 April 2019, the planned allocation amount should have been used up as at 31 March 2021. However, as Shine Well requires more time to complete the financial arrangement in relation to the First Stage Subscription, the completion of First Stage Subscription shall extend from on or before 30 September 2020 (as originally scheduled) to 3 February 2021. In addition, since I4 Project involves foreign trade and the global pandemic of COVID-19 is still ongoing during the Year, which also affects the progress of the use of proceeds. Details are set out in the announcements of the Company dated 29 September 2020, 30 October 2020, 31 December 2020 and 3 February 2021.
3. Expected to be used up in March 2022.
4. Expected to be used up in March 2022.
5. The expected timeline for use of unutilised proceeds is based on the Group’s best estimate of future market conditions, subject to current and future changes of market conditions.

As at 31 March 2021, none of the conditions precedent to the Second Stage Subscription has been fulfilled.

## **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 have been reviewed by the Audit Committee, the members of which have met the auditors of the Company, KTC Partners CPA Limited, for the review of the Group’s results for the Year.

The Audit Committee has reviewed the Company’s audited consolidated financial statements for the Year 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 with the management of the Group.

## **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 as set out in the preliminary announcement have been agreed by the Group's auditor, KTC Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year.

The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KTC Partners CPA Limited 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 the 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 30 September 2021, the register of members will be closed from 27 September 2021 to 30 September 2021, 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 24 September 2021.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

## **2021 ANNUAL GENERAL MEETING**

It is proposed that the 2021 annual general meeting of the Company (the “**2021 Annual General Meeting**”) will be held on 30 September 2021. A notice convening the 2021 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 2018 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   |
| “2018 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    |
| “2020 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 15 September 2020 to allot and issue up to 84,285,501 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution |
| “Group”                      | the Company and its subsidiaries  |
| “HK\$”                       | Hong Kong dollar(s), the lawful currency of Hong Kong   |
| “Hong Kong”                  | the Hong Kong Special Administrative Region of the PRC  |
| “Hunan Yingding”             | Hunan Yingding Network Co., Ltd.* (湖南盈鼎網絡有限公司), a company established in the PRC with limited liability   |
| “IBO Communication”          | Shenzhen IBO Communication Company Limited* (深圳市艾伯通信有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company  |
| “IBO Information”            | IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a company established in the PRC with limited liability, which is an indirect 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 company established in the PRC with limited liability, which is an indirect subsidiary of the Company   |
| “IBO Digital”                | IBO Shenzhen Digital Limited* (深圳市艾伯數字有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company  |
| “Issue Price”                | HK\$2.0, being the issue price per Consideration Share  |
| “Listing Rules”              | the Rules Governing the Listing of Securities on the Main Board   |

\* For identification purpose only

|                    |   |
|--------------------|---|
| “Main Board”       | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange |
| “Model Code”       | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules   |
| “PRC”              | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region            |
| “RMB”              | Renminbi, the lawful currency of the PRC  |
| “Shareholder(s)”   | holder(s) of the Share(s)   |
| “Share(s)”         | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited   |
| “Weitu Group”      | collectively, Weitu Technology, Yunwei Network, Hunan Yingding and Fangyu Yunwei  |
| “Weitu Technology” | Shenzhen Weitu Technology Development Co., Ltd.* (深圳市偉圖科技開發有限公司), a company established in the PRC with limited liability   |
| “Yunwei Network”   | Shenzhen Yunwei Network Co., Ltd.* (深圳市運維網絡有限公司), a company established in the PRC with limited liability   |
| “%”                | per cent  |

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

Hong Kong, 30 June 2021

*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. Liang Jun; and the independent non-executive Directors are Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming.*

\* For identification purpose only