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 2022

RESULTS HIGHLIGHTS

— Revenue for the year ended 31 March 2022 was approximately RMB1,046.30 million, representing an increase of 86.7% as compared with approximately RMB560.33 million for the year ended 31 March 2021.

— Gross profit for the year ended 31 March 2022 was approximately RMB178.60 million, representing an increase of 53.9% as compared with approximately RMB116.02 million for the year ended 31 March 2021. Gross profit margin for the year ended 31 March 2022 was 17.1%, representing a decrease of 3.6 percentage points as compared with 20.7% for the year ended 31 March 2021.

— Profit attributable to owners of the Company for the year ended 31 March 2022 was approximately RMB14.66 million, as compared to loss attributable to owners of the Company of approximately RMB42.10 million for the year ended 31 March 2021.

— Basic earnings per Share for the year ended 31 March 2022 was approximately RMB2.67 cent, as compared to basic loss per Share of approximately RMB9.81 cents for the year ended 31 March 2021.

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 March 2022 (the "**Year**"), together with the comparative figures for the year ended 31 March 2021 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*3*	**1,046,296**	560,325
Cost of sales and services rendered		**(867,695)**	(444,308)
Gross profit		**178,601**	116,017
Other income		**6,317**	4,832
Other gains (losses), net	*4*	**3,664**	(33,987)
Share of results of an associate		**727**	120
Impairment losses under expected credit loss model, net of reversal		**(15,423)**	(13,174)
Distribution and selling expenses		**(8,048)**	(7,295)
Administrative expenses		**(91,112)**	(50,956)
Finance costs		**(18,290)**	(16,189)
Research and development expenses		**(12,531)**	(13,935)
Profit (loss) before taxation		**43,905**	(14,567)
Income tax expense	*5*	**(19,889)**	(12,955)
Profit (loss) and total comprehensive income (expense) for the year	*6*	**24,016**	(27,522)
Profit (loss) and total comprehensive income (expense) for the year attributable to			
— Owners of the Company		**14,663**	(42,097)
— Non-controlling interests		**9,353**	14,575
		24,016	(27,522)
Earnings (loss) per share			
— Basic (RMB cents)	*8*	**2.67**	(9.81)
— Diluted (RMB cents)	*8*	**0.11**	(9.81)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**8,821**	5,405
Right-of-use assets		**9,427**	1,337
Investment properties		**21,000**	20,200
Goodwill		**23,632**	23,632
Intangible assets		**71,474**	45,077
Interests in associates		**213,032**	5,507
Rental deposits		**891**	722
Deferred tax assets		**9,111**	4,571
		357,388	106,451
Current assets			
Inventories		**2,210**	1,779
Trade and other receivables	*9*	**939,539**	573,390
Contract assets		**1,947**	17,666
Amount due from a related company		**67**	248
Amounts due from non-controlling interests		**515**	814
Financial assets at fair value through profit or loss		**16,415**	8,252
Pledged bank deposits		**–**	6,000
Bank balances and cash		**243,611**	232,158
		1,204,304	840,307
Current liabilities			
Trade and other payables	*10*	**657,854**	317,725
Lease liabilities		**5,475**	1,248
Amounts due to non-controlling interests		**8,977**	10,299
Tax payables		**51,903**	33,491
Bank and other borrowings		**31,013**	32,707
Consideration payable		**33,456**	33,456
Bonds payables		**63,177**	39,586
Convertible bonds		**28,198**	–
		880,053	468,512
Net current assets		**324,251**	371,795
Total assets less current liabilities		**681,639**	478,246

	2022	2021
	RMB'000	*RMB'000*
Non-current liabilities		
Bank and other borrowings	**2,430**	2,430
Bonds payables	**26,562**	29,727
Convertible bonds	**–**	44,787
Lease liabilities	**4,197**	176
Deferred tax liabilities	**27,236**	23,104
	60,425	100,224
	621,214	378,022
Capital and reserves		
Share capital	**4,865**	4,103
Reserves	**529,754**	326,327
Equity attributable to owners of the Company	**534,619**	330,430
Non-controlling interests	**86,595**	47,592
Total Equity	**621,214**	378,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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. Subsequent to the end of the reporting period, Shine Well and Mr. Lai ceased to be the immediate and ultimate holding company, and ultimate controlling shareholder of the Group respectively.

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 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 periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021, and the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases ("**HKFRS 16**") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

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

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("**HKFRS 7**").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year.

Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 March 2022.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB9,427,000 and RMB9,672,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

Amendments to HKAS 16 *Property, Plant and Equipment — Proceeds before Intended Use*

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 *Onerous Contracts — Cost of Fulfilling a Contract*

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs *Annual Improvements to HKFRSs 2018–2020*

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Types of goods or services

	2022	2021
	RMB'000	*RMB'000*
Intelligent terminal products sales	**891,369**	402,029
Provision of coordination, management and installation services of smart cities	**39,819**	100,974
Software development	**104,232**	45,492
System maintenance services	**10,876**	11,830
Total revenue from contracts with customers	**1,046,296**	560,325

Timing of revenue recognition

	2022				
	Intelligent terminal products sales	**Provision of coordination, management and installation services of smart cities**	**Software development**	**System maintenance services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
A point in time basis	**891,369**	**–**	**–**	**–**	**891,369**
Over time basis	**–**	**39,819**	**104,232**	**10,876**	**154,927**
	891,369	**39,819**	**104,232**	**10,876**	**1,046,296**

	2021				
	Intelligent terminal products sales	Provision of coordination, management and installation services of smart cities	Software development	System maintenance services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
A point in time basis	402,029	–	–	–	402,029
Over time basis	–	100,974	45,492	11,830	158,296
	402,029	100,974	45,492	11,830	560,325

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 2022

	Types of goods or services				
	Intelligent terminal products sales	**Provision of coordination, management and installation services of smart cities**	**Software development**	**System maintenance services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Operating segments					
Intelligent terminal products sales	**891,369**	**–**	**–**	**–**	**891,369**
System integration	**–**	**39,819**	**–**	**–**	**39,819**
Software development	**–**	**–**	**104,232**	**–**	**104,232**
System maintenance services	**–**	**–**	**–**	**10,876**	**10,876**
	891,369	**39,819**	**104,232**	**10,876**	**1,046,296**

For the year ended 31 March 2021

	Types of goods or services				
	Intelligent terminal products sales	Provision of coordination, management and installation services of smart cities	Software development	System maintenance services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Operating segments					
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
	402,029	100,974	45,492	11,830	560,325

(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 and no significant sale return was noted based on historical records for the current and previous financial years. Therefore the Group estimated there are no significant provision regarding warranty and sale return.

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 and sale return.

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 progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. 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 2022 and 2021 and the expected timing of recognising revenue are as follows:

	System maintenance services	
	2022	2021
	RMB'000	*RMB'000*
Within one year	–	136
More than one year but not more than two years	–	66
	–	202

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 terminal products sales	System integration	Software development	System maintenance services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 March 2022					
REVENUE					
External sales	**891,369**	**39,819**	**104,232**	**10,876**	**1,046,296**
SEGMENT PROFIT	**88,935**	**1,038**	**72,811**	**2,946**	**165,730**
Other income					**6,317**
Unallocated expenses					**(23,131)**
Administrative expenses					**(91,112)**
Finance costs					**(18,290)**
Other gains, net					**3,664**
Share of results of an associate					**727**
Profit before taxation					**43,905**

	Intelligent terminal products sales *RMB'000*	System integration *RMB'000*	Software development *RMB'000*	System maintenance services *RMB'000*	Total *RMB'000*
For the year ended 31 March 2021					
REVENUE					
External sales	402,004	100,999	45,492	11,830	560,325
SEGMENT PROFIT	38,365	37,518	22,238	4,722	102,843
Other income					4,832
Unallocated expenses					(21,230)
Administrative expenses					(50,956)
Finance costs					(16,189)
Other losses, net					(33,987)
Share of results of an associate					120
Loss before taxation					(14,567)

Segment profit represents the operating 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

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-financial non-current assets (the "**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenue		Specified non-current assets	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**1,016,900**	560,325	355,808	106,451
Hong Kong	**29,396**	–	1,580	–
	1,046,296	560,325	357,388	106,451

Information about major customers

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

	2022	2021
	RMB'000	*RMB'000*
Customer A[1]	**331,002**	117,458
Customer B[1]	**152,914**	N/A*
Customer C[1]	**139,425**	N/A*
Customer D[1]	**127,102**	123,578

1 Revenue from intelligent terminal products sales segment

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2021.

4. OTHER GAINS (LOSSES), NET

	2022	2021
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**(38)**	(249)
Gain on change in fair value of investment properties	**800**	100
(Loss) gain on change in fair value of financial assets at FVTPL	**(6,422)**	1,561
Loss on change in fair value of consideration payables	**–**	(16,633)
Net exchange gain	**4,312**	11,620
Recognition of deferred loss from initial recognition of convertible bonds	**(2,423)**	(9,381)
Gain (loss) on change in fair value of derivative component of the convertible bonds	**13,831**	(18,757)
Gain (loss) on disposal of financial assets at FVTPL	**9**	(19)
Impairment loss recognised on interest in an associate	**(6,202)**	(2,393)
Written off of other receivables	**(200)**	–
Others	**(3)**	164
	3,664	(33,987)

5. INCOME TAX EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax ("**EIT**")	**20,297**	15,119
	20,297	15,119
Deferred tax	**(408)**	(2,164)
	19,889	12,955

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK$2 million are 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 (2021: 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. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR

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

	2022	2021
	RMB'000	*RMB'000*
Directors' remuneration:		
— Fees	**3,492**	3,315
— Salaries and other allowances	**4,163**	4,147
— Retirement benefit scheme contributions	**87**	54
— Equity-settled share-based payments	**7,938**	3,735
Other staff costs:		
— Salaries and other allowances	**41,772**	26,165
— Retirement benefit scheme contributions	**3,141**	2,688
— Equity-settled share-based payments	**16,854**	652
Total staff costs	**77,447**	40,756
Auditor's remuneration	**1,768**	4,738
Depreciation of property, plant and equipment	**2,936**	2,877
Depreciation of right-of-use assets	**6,026**	5,413
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	**8,364**	19,688
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	**861,045**	423,612

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

8. EARNINGS (LOSS) PER SHARE

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

	2022	2021
	RMB'000	*RMB'000*
Earnings (loss):		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	**14,663**	(42,097)
Effect of dilutive potential ordinary shares:		
Convertible bonds	**(14,057)**	–
Earnings (loss) for the purpose of calculating diluted earnings (loss) per share	**606**	(42,097)

	2022	2021
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**550,156**	429,082
Effect of dilutive potential ordinary shares:		
Convertible bonds and share options	**19,786**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**569,942**	429,082

The computation of diluted loss per share for the year ended 31 March 2021 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

Trade receivables

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**903,365**	550,753
Less: allowance for ECL	**(35,164)**	(22,292)
	868,201	528,461

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:

	2022	2021
	RMB'000	*RMB'000*
0–30 days	**377,097**	233,849
31–90 days	**226,891**	51,767
91–180 days	**743**	32,519
181–365 days	**97,648**	156,378
Over 365 days	**165,822**	53,948
	868,201	528,461

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:

	2022	2021
	RMB'000	*RMB'000*
0–30 days	**252,317**	150,656
31–90 days	**186,715**	–
Over 90 days	**67,678**	40,304
	506,710	190,960

11. EVENTS AFTER THE REPORTING PERIOD

The Group, Skill Time Developments Limited (the "**Vendor**"), Time Lead Enterprises Limited (the "**Target Company**"), SDXC Hainan, SDXC Shenzhen and the Guarantors entered into the sale and purchase agreement and supplemental agreement on 21 April 2022 and 17 May 2022 respectively, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 1,667 ordinary shares of the Target Company, representing 16.67% of issued share capital of the Target Company, at the consideration of RMB20,000,000. The consideration shall be satisfied by the issue of the convertible bonds by the Company to the Vendor. In addition, subject to the fulfillment of the performance targets for the three financial years ending 31 March 2023, 31 March 2024 and 31 March 2025 of the Target Company and its subsidiaries, the Purchaser conditionally agreed to pay the performance bonuses of up to RMB80,000,000 by issuing new ordinary shares of the Company to the Vendor. Accordingly, the aggregate of the consideration and the performance bonuses amounts to RMB100,000,000. Upon the Completion, the Group will directly hold 16.67% of the issued share capital of the Target Company.

For details, please refer to the Company's announcements dated 1 March 2022, 21 April 2022 and 17 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Group is a national high-tech enterprise that designs, researches and develops and provides customers with electronic terminals, 5G communication network and artificial intelligence IoT products, as well as industrial digital solutions. The Group's three main businesses are 5G (communication equipment and private network solutions), Information Technology Application Innovation ("**ITAI**") Information technology ("**IT**") (terminal products and industry solutions) and IoT (products and solutions), and is committed to providing quality one-stop products and solutions for 5G, ITAI and IoT.

In terms of ITAI IT products, the Group is committed to providing high-quality localised IT products, mainly including notebooks, tablets, all-in-one PCs, desktop PCs, and industrial gateway servers. For 5G indoor coverage products, the Group has developed its own developed 5G pico base station products with full proprietary intellectual property rights. In addition, the Group has excellent IoT product technology. As the era of big data and artificial intelligence technology arrives, the Group combines its proprietary IoT technology with ITAI electronic product technology and 5G communication network technology, aiming to provide one-stop solutions for enterprise customers for their industrial digitalisation.

MARKET REVIEW

Domestic Product Substitution Accelerates as ITAI Industry Gradually Upgrades

From the "13th Five-Year Plan" to the "14th Five-Year Plan", the central and local governments have been developing the "digital economy" and building "Digital China" as their important objectives, clarifying the "Digital China" construction strategy and seizing the high ground of the digital economy industry chain. According to the data from iiMedia Research, the PRC's ITAI industry is worth RMB1,375.88 billion in 2021 and is expected to reach RMB3,701.13 billion in 2027, showing enormous development potential of the PRC's ITAI market.

The central government is strongly promoting the development of the ITAI industry, facilitating the development of various fields within the industry and driving the transformation of the traditional IT information industry. The central government has incorporated the ITAI industry into the national development strategy, proposed a "2 (party and government) + 8 (eight major industries such as finance and telecommunications) development system", and started to accelerate the construction of a talent training system for domestic software, strengthened the main innovative position of enterprises, and promoted the accelerating implementation of proprietary innovative products in science and technology. In September 2020, the National Development and Reform Commission of the PRC, the Ministry of Science and Technology of the PRC, and the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") jointly issued the "Guiding Opinions on Expanding Investment in Strategic Emerging Industries and Cultivating and Strengthening New Growth Points and Growth Poles" (《關於擴大戰略性新興產業投資、培育壯大新增長點增長極的指導意見》), which called for accelerating the development of key core technologies, enthusiastically promoting the construction of key projects and programs, and actively expanding reasonable and effective investment. The MIIT has also issued the "Notice on 14th Five-Year Plan for the Development of Software and Information Technology Service Industry" (《「十四五」軟件和信息技術服務業發展規劃的通知》) in November 2021, proposing to strengthen the ITAI system, as well as to promote technological innovation and product iteration by conducting tests on ITAI products.

With the rapid growth of the PRC's ITAI industry and its penetration into various fields, key core technologies have been researched and developed domestically to realise substitution of the original innovations. The central and local governments have made great efforts to promote the ITAI procurement, and are determined to increase the proportion of ITAI products applications, which have begun to enter key industry markets such as finance, telecommunications, energy and other industries. The enlarged scale of procurement for domestically-produced equipment as well as software and hardware by all levels and in all fields reflects that domestic substitution has entered a substantive stage.

5G Network Construction in Full Swing, Accelerating Transformation of Industry Digitalisation

Industry digitalisation is an inevitable product of the large-scale development and application of Internet technology, as well as a major trend in the future development of the world economy. During the prevention and control of the COVID-19 pandemic, the integration of the digital economy and traditional industries accelerated, and the transformation of various industries to digitalisation and intelligence accelerated. As a general strategy for the development of national information technology in the new era, the central government will construct "Digital China" to accelerate the optimisation and upgrade of information infrastructure, and fully leverage on the vitality of data elements. "The 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China" (《中華人民共和國國民經濟和社會發展第十四個五年規劃》) emphasises the need to accelerate the promotion of digital industrialisation, cultivate and strengthen emerging digital industries such as artificial intelligence, big data, block chain, cloud computing and network security, enhance the industrial standards of communication equipment, core electronic components, key software, etc., build 5G-based application scenarios and industrial ecologies, and launch pilot demonstration projects in key areas such as intelligent transportation, intelligent logistics, intelligent energy and intelligent medical care.

Upgrades in quality and efficiency of the "Digital China" construction have been accelerated, and the scale of the PRC is leading the world in terms of information infrastructure construction. At present, PRC's 5G network construction is in full swing, and has built the world's largest 5G network. The information infrastructure continues to improve, where the speed and scale of its 5G network construction rank first in the world. In July 2021, the "5G Application "Set Sail" Project (2021 — 2023)" (《5G應用「揚帆」行動計劃(2021–2023年）》) was launched, focusing on promoting the application of 5G in 15 industries, including industrial Internet, finance, education and healthcare. This Year, in order to effectively promote relevant policies and accelerate the large-scale application of 5G, specific policies are issued across the country to reflect the central government's attention to the development and planning of the 5G industry, as well as its determination to accelerate the process of digitalisation of key industries. The "Report on the Work of the Government" published in March 2022 also pointed out that the focus is on the enhancement of the overall layout of the construction of "Digital China", the construction of digital information infrastructure, and the gradual construction of a nationwide integrated big data centre system to promote the large-scale application of 5G, as well as to encourage the transformation of the industry digitalisation.

Benefiting from the favourable policies, PRC's 5G network, users and applications are growing rapidly, and the 5G industry is maturing at a fast pace. According to data from the China Academy of Information and Communications Technology, by the end of 2021, PRC had built more than 1.42 million 5G base stations, covering all prefecture-level cities and 98% of the counties in the PRC, with the 5G base stations numbered at 10.1 per 10,000 people, and 600,000 new 5G base stations are expected to be built in 2022.

As the PRC's ITAI and 5G industries entered the phase of rapid development, benefiting from the strong market demand, the Group takes advantage of the favourable policies and has achieved rapid business growth under the synergy effect enjoyed by its main business. During the Year, the Group has made use of its experience and technological advantages accumulated over the past two decades to accelerate the development of its IT infrastructure hardware business, such as domestically produced notebook computers and mobile terminals. The Group focused on the ITAI products in the power, finance, telecommunications and education industries, as well as the leading industries which firstly implement the application of such projects, while stepping up the marketing efforts to continue to expand the sales market of the Group's 5G and ITAI product series, and have achieved good development results.

Starting from the second half of 2021, major telecommunication operators in the PRC have accelerated the procurement of 5G small base station products, and the Group has actively participated and achieved positive results. The Group's small base station products have successfully passed the technical tests for extended small base station products of China Mobile and China Telecom, and are qualified to participate in the subsequent centralised procurement tender projects. The Group has successfully won the tender for 2022-2023 5G Mobile Network MIMO System Procurement Project of China Mobile Communications Group Shaanxi Co., Ltd.*, as well as the tender of 5G Private Network Equipment Procurement Project of China Telecom Changzhou Branch*, and is now participating in the 2022-2023 Extended Pico Base Station Equipment Centralised Procurement Project of China Mobile. With the telecommunication operators increasing the procurement and deployment of 5G small base station products and the rapid expansion and popularity of 5G applications in different industries, the market demand for the Group's small base station series products is growing rapidly, and the market is further expanding.

* *For identification purpose only*

BUSINESS REVIEW

During the Year, the Group's results were categorised into four main sectors, including (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services. Customers of the Group are from both public and private sectors in the PRC, such as PRC government agencies, large state-owned enterprises and private enterprises.

Revenue breakdown by business segments is set out below:

	For the year ended 31 March			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Intelligent terminal products sales	**891,369**	**85.2**	402,004	71.7
System integration	**39,819**	**3.8**	100,999	18.0
Software development	**104,232**	**10.0**	45,492	8.2
System maintenance services	**10,876**	**1.0**	11,830	2.1
Total	**1,046,296**	**100.0**	560,325	100.0

Intelligent terminal products sales

During the Year, the Group focused on the development, production and sales of customised IoT smart terminals to customers. The Group benefited from the recovery of economic activities during the Year, and the revenue from intelligent terminal products sales business increased significantly by approximately 121.7% to approximately RMB891.37 million (2021: approximately RMB402 million), accounting for 85.2% of the Group's total revenue.

The Group's major customers during the Year included: (i) a technology company in Beijing mainly engaged in IoT business, to which the Group sold electronic products such as Bluetooth dual-band handheld readers, identification software, intelligent park monitoring and analysis system, etc.; (ii) an integrated supply chain management company in Shenzhen, to which the Group sold integrated circuits; (iii) a company in Hong Kong providing integrated supply chain services, to which the Group sold memory chips; (iv) a technology company in Shenzhen, to which the Group sold auxiliary product; and (v) a lithium-ion polymer electromagnetic research, development and production company in Guizhou, to which the Group sold lithium batteries.

System integration

Based on the analysis and assessment of customers' needs, the Group provides customers with integrated and customised system solutions based on IoT and related technologies, including overall system planning, development and design, system equipment procurement, system software and hardware equipment integration, system implementation, pilot runs, as well as system management and maintenance. In view of the revenue of the system integration business is derived from one-off projects with fluctuating revenue as compared to other segments, the Group's system integration business has been shrinking during the Year, with revenue of approximately RMB39.82 million (2021: approximately RMB101 million), with a year-on-year decrease of approximately 60.6%, accounting for 3.8% of the Group's total revenue.

The Group's major customer during the Year included a technology company in Shenzhen, and the projects included services such as sales of computer auxiliary products and software platforms. Its sales of computer auxiliary products aim at matching system integration projects in smart campuses, including building management, asset management, visitor management, project management, office collaboration, energy consumption management, surveillance management, security management, common practices, command and control, software and hardware visualisation, etc.

Software development

The Group plans and designs the software system frameworks and function lists for customers, and provides customised software application development services based on their business and management needs. Leveraging on its strong software development capabilities, the Group has been providing quality software application development services to serve customers in different industries for many years. In addition to maintaining long-term and strategic relationships with existing customers, the Group also actively explores new customers to expand its customer base and drive sales. As a result of the continued expansion of its software development business and the expansion of its customer base, the Group recorded a revenue of approximately RMB104.23 million during the Year (2021: RMB45.49 million), representing a significant year-on-year increase of approximately 129.1% and accounting for 10.0% of the Group's total revenue.

The Group's major customers during the Year included (i) a Beijing-based intellectual technology company, to which the Group developed customised marketing platform functional modules, including marketing lead search, marketing lead management, marketing lead reach, and my compass and dynamic alerts; (ii) a Beijing-based technology company, to which the Group developed the demand analysis, design, coding, testing and delivery of the "IoT RFID Product Inspection And Testing System"; and (iii) a Guangzhou-based digital technology company, to which the Group researched and developed the "Operation and Maintenance Guarantee System Development Project", including asset management system, equipment management system, integrated operation management platform, IoT control platform, and visual operation management platform.

System maintenance services

The Group provides software and hardware system maintenance services for information systems, including system equipment maintenance and management, database maintenance, daily system monitoring and system upgrade, etc. The Group's system maintenance services business decreased slightly to approximately RMB10.88 million during the Year (2021: approximately RMB11.83 million), representing a year-on-year decrease of approximately 8.0% and accounting for 1.0% of the Group's total revenue.

The Group's major customer during the Year included an oil company in the PRC, to which the Group provided information system and equipment maintenance services, including fuel card control system equipment, card issuance network equipment, Easy Joy convenience store network equipment, general ticketing system equipment, centralised control system equipment, back office computer equipment, IoT system, self-service equipment, data, and upgrade, training and technical consultation.

FINANCIAL REVIEW

Revenue

During the Year, the Group's revenue increased by 86.7% to approximately RMB1,046.30 million (2021: approximately RMB560.33 million), mainly due to the recovery in economic activities and the expansion of customer base, resulting in the significant growth in revenue from the Group's intelligent terminal products sales business and software development business, which recorded a year-on-year increase of approximately 121.7% and approximately 129.1% respectively.

Gross profit and gross profit margin

During the Year, the Group's gross profit increased by 53.9% to approximately RMB178.60 million (2021: approximately RMB116.02 million), mainly due to the recovery of economic activities, expansion of customer source, and the significant increase in the Group's intelligent terminal products sales business and software development business, with a year-on-year increase of 121.7% and 129.1% respectively. Gross profit margin decreased year-on-year by 3.6 percentage points to 17.1% (2021: 20.7%), mainly due to the increase in the revenue from the intelligent terminal products sales business, which has a relatively low gross profit margin, from 71.7% of the Group's total revenue in 2021 to 85.2% for the Year.

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 30.8% to approximately RMB6.32 million for the Year (2021: approximately RMB4.83 million), which was mainly due to the increase in interest income from bank deposits for the Year.

Other gains, net

The Group's other gains, net amounted to approximately RMB3.66 million for the Year (2021: other losses, net of approximately RMB33.99 million). Such change was mainly due to the gains from change in fair value on derivative component of convertible bonds for the Year while losses from change in fair value on derivative component of convertible bonds was recorded in 2021.

Share of results of an associate

The Group recorded share of profit of an associate during the Year because Shenzhen Tongtianhui Technology Company Limited* (深圳市童天慧科技有限公司) ("**Tongtianhui**") with 96.7742% of its issued share capital held by Good Cheer Ventures Limited, in which the Group holds 15% of its issued share capital, completed the settlement of taxation on 24 August 2021 and formally completed the deregistration on 21 October 2021, and Tongtianhui recorded net liabilities upon deregistration. Against the backdrop of the impact of the COVID-19 pandemic, in order to continue to regulate out-of-school training and effectively reduce the excessive burden of homework and out-of-school training on students at the compulsory education stage, the central government has issued "Opinions on Further Reducing the Burden of Homework and Out-of-School Training on Students at the Compulsory Education Stage" (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》). The domestic education and training industry is facing increasingly stringent regulation, and small educational institutions are facing tough challenges. After careful consideration, the Group and the management of Tongtianhui considered that the business of Tongtianhui, which was mainly engaged in serving small educational institutions, involved certain risks and uncertainties and had poor development potential, and therefore decided to discontinue its business operations and to de-register the company. Further details of Tongtianhui are set out in the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

The Group's share of results of an associate recorded during the Year did not result from the significant investment mentioned in the section headed "Significant investment" below in this announcement.

Impairment losses under expected credit loss model, net of reversal

The Group's impairment losses under expected credit loss ("**ECL**") model, net of reversal for the Year included changes in ECLs during the Year for financial assets, such as trade receivables, other receivables and contract assets. During the Year, the impairment losses under ECL model, net of reversal amounted to approximately RMB15.42 million (2021: approximately RMB13.17 million).

Distribution and selling expenses

During the Year, the Group's distribution and selling expenses increased by 10.3% to approximately RMB8.05 million (2021: RMB7.30 million), which was mainly due to the growth in intelligent terminal products sales business and software development business.

* *For identification purpose only*

Administrative expenses

During the Year, the Group's administrative expenses increased by 78.8% to approximately RMB91.11 million (2021: approximately RMB50.96 million), which was mainly because (i) the Group granted share options during the Year, resulting in a significant increase in related share options expenses and further details are set out in the announcements of the Company dated 16 July 2021 and 20 August 2021; and (ii) staff expenses and professional fees such as legal and consulting fees during the Year increased as compared with 2021.

Finance costs

The Group's finance costs increased by 13.0% to approximately RMB18.29 million for the Year (2021: approximately RMB16.19 million), which was mainly due to the increase in interest expenses for the Year resulting from the increase in total outstanding principal of bonds of the Group during the Year, as compared with 2021. For details, please refer to the section headed "Capital structure, liquidity and financial resources" below in this announcement.

Research and development expenses

During the Year, the research and development expenses remained stable and the Group recorded approximately RMB12.53 million (2021: approximately RMB13.94 million).

Income tax expenses

During the Year, the Group's income tax expense increased by 53.5% to approximately RMB19.89 million (2021: approximately RMB12.96 million), which was mainly due to the increase in profit before tax of IBO Information, resulting in the corresponding increase in related income tax expense.

Profit attributable to owners of the Company

Based on the above factors, the Group recorded profit attributable to owners of the Company of approximately RMB14.66 million for the Year (2021: loss attributable to owners of the Company of approximately RMB42.10 million), which was mainly due to (i) the significant growth of revenue and gross profit during the Year as driven by the substantial increase in the revenue from the intelligent terminal products sales business and software development business during the Year, as compared with 2021; and (ii) the other gains, net recorded by the Group during the Year while other losses, net was recorded in 2021.

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 2022, the Group's net current assets were approximately RMB324.25 million (31 March 2021: approximately RMB371.80 million).

As at 31 March 2022, the Group's bank balances and cash were approximately RMB243.61 million (31 March 2021: approximately RMB232.16 million) and there was no pledged bank deposit (31 March 2021: approximately RMB6.00 million). The current ratio (a ratio of current assets to current liabilities) was approximately 1.4 times (31 March 2021: approximately 1.8 times).

As at 31 March 2022, the Group's total bank and other borrowings were approximately RMB33.44 million (31 March 2021: approximately RMB35.14 million).

The Company issued bonds in the aggregate principal amount of HK$77,710,000 for the Year (2021: HK$49,000,000). On 31 March 2022, the outstanding aggregate principal amount of bonds of the Company was HK$116,510,000 (31 March 2021: HK$86,200,000). 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 9% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

As at 31 March 2022, the outstanding aggregate principal amount of convertible bonds of the Company was HK$19,496,000 (31 March 2021: HK$21,675,800), in which the principal amount at the initial conversion price of HK$1.6 per conversion share and HK$1.73 per conversion share were HK$7,040,000 and HK$12,456,000 respectively. Assuming the full conversion into conversion shares, 4,400,000 and 7,200,000 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 and HK$72,000 respectively. During the Year, the conversion rights attached to the convertible bonds with the principal amount of HK$2,179,800 were exercised and converted into 1,260,000 conversion shares (with an aggregate nominal value of HK$12,600) at the initial conversion price of HK$1.73 per conversion share. On 1 April 2022, the conversion rights attached to the convertible bonds with a principal amount of HK$7,040,000 were exercised at the initial conversion price of HK$1.6 per conversion share and converted into 4,400,000 conversion shares (with an aggregate nominal value of HK$44,000), and were allotted and issued on 6 April 2022. Up until now, the convertible bonds with an initial conversion price of HK$1.6 per conversion share have been fully converted into conversion shares. Further details are set out in the announcements of the Company dated 17 February 2019, 3 April 2019, 10 June 2019 and 10 July 2019.

During the Year, 21,000,000 placing shares were allotted and issued to the placees by the Company with total proceeds of approximately HK$77,490,000. For details, please refer to the section headed "Use of Net Proceeds from the Placing of New Shares under 2020 General Mandate" below in this announcement.

During the Year, 10,000,000 subscription shares were allotted and issued to Shine Well Holdings Limited ("**Shine Well**") by the Company with total proceeds of HK$15,000,000. For details, please refer to the section headed "Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate" below in this announcement.

As at 31 March 2022, 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$5.8052 million divided into 580,523,141 Shares of HK$0.01 each.

Gearing ratio

As at 31 March 2022, 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 24.4% (31 March 2021: approximately 39.5%).

Capital expenditure

The Group's capital expenditure for the Year increased by 691.6% to approximately RMB38.79 million (2021: approximately RMB4.9 million), which was used for office equipment, motor vehicle and leasehold improvements.

Capital commitment

As at 31 March 2022, the Group had no significant capital commitment (31 March 2021: 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 2022, the Group had no significant contingent liabilities (31 March 2021: Nil).

Pledge of the Group's assets

As at 31 March 2022, all of the Group's investment properties have been pledged to secure banking facilities granted to the Group. As at 31 March 2021, 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 2022, the Group's listed securities of aggregate carrying amount of approximately RMB2,199,000 (31 March 2021: approximately RMB238,000) were pledged by the Group to secure a margin account payable.

Material acquisition and disposal of subsidiaries and associates

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

Significant investment

The Group had the following significant investments during the Year:

1. The Group invested in Foshan Xindian Electronic Software Technology Company Limited* (佛山芯點電子軟件技術有限公司) ("**Foshan Xindian**") with a capital contribution of RMB63,000,000, representing a 35% capital contribution ratio. Foshan Xindian holds a 30% equity interest in Foshan Shishuo Electronics Co., Ltd.* （佛山世碩電子有限公司） ("**Foshan Shishuo**"). Foshan Shishuo focuses on the research and development and application of high-precision integrated navigation technology, and is a technology-based enterprise providing aerial attitude, integrated navigation and control solutions. Foshan Shishuo is positioned as a "leading high-tech company for overall solutions of automatic navigation system". Foshan Shishuo's key products include inertial measurement unit (IMU) and inertial navigation system, which are mainly used in the field of automatic vehicle, military and intelligent robots. Foshan Shishuo's main product is high-precision navigation sensors, which are highly relevant to the Group's IoT business. Foshan Shishuo is in the industry of high-precision inertial navigation application for smart vehicle, which has a promising future. Foshan Shishuo's products enjoy certainty in terms of their technology direction, and are the only low-cost and mass-produced products in the PRC with clear growth potential. Through the investment, the Group can enhance its technological capability in high-end sensors and expand into the field of automotive intelligence and automotive electronics, which has wide development potential. During the Year, there was no realised and unrealised profit or loss and no dividend received from the investment. As at 31 March 2022, the fair value of the investment was RMB63,000,000, which accounted for 4.0% of the total assets of the Group;

* *For identification purpose only*

2. The Group invested in Dongguan Juxin Technology Company Ltd* (東莞市聚昕科技有限公司) ("**Dongguan Juxin**") with a capital contribution of RMB70,000,000, representing a 35% capital contribution ratio. Dongguan Juxin holds a 30% equity interest in Dongguan Longtu Software Integration Development Co. Ltd.* (東莞市隆圖軟件集成開發有限公司) ("**Dongguan Longtu**"), which engages in the research and development, manufacturing and sales of intelligent hardware — face recognition all-in-one machines and network cameras, and independently realises the complete closed-loop system of "AI algorithm + embedded software + optoelectronic hardware manufacturing". The core product lines are: face recognition all-in-one machine, face access attendance machine, AI camera and thermal imaging equipment, which are widely used in smart sites, smart parks, smart communities, smart campuses, etc. Dongguan Longtu mainly applies the technology of "AI algorithm + embedded software + optoelectronic hardware manufacturing" to provide customers with intelligent IoT products and solutions, which is highly compatible with the Group's business. Artificial intelligence is a national strategy with broad development prospect and sizable market potential. With the maturity of AI technologies such as face recognition, the market is now entering a period of rapid demand explosion. Dongguan Longtu has accumulated years of experience in the industry, and has a clear market positioning and strong competitive advantages. Dongguan Longtu's products have been proven in the market and are in a critical period of market expansion. By increasing the capital investment, the sales revenue is expected to grow rapidly and bring substantial returns to the Shareholders. At the same time, it will enrich the categories of the Group's intelligent IoT products and enhance the Group's technology capability in artificial intelligence and intelligent hardware products. During the Year, there was no realised and unrealised profit or loss and no dividend received from the investment. As at 31 March 2022, the fair value of the investment was RMB70,000,000, which accounted for 4.5% of the total assets of the Group; and

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3. The Group invested in Guangzhou Andi Technology Investment Company Ltd.* (廣州安迪科技投資有限公司) ("**Guangzhou Andi**") with a capital contribution of RMB80,000,000, representing a 40% capital contribution ratio. Guangzhou Andi holds a 30% equity interest in Qilian (Guangzhou) Network Technology Company Ltd.* (奇鏈(廣州)網絡科技有限公司) ("**Qilian (Guangzhou)**"). Qilian (Guangzhou) is a high-tech company specialising in the design, development, manufacturing and sales of RF microwave IC chips, components and system solutions. Its main products include RF microwave IC chips, RF microwave components and systems, which are widely applied in various fields such as 5G communication base station equipment, military and civil radar, satellite, aircraft and vehicle communication. Qilian (Guangzhou)'s RF microwave chips are widely used in 5G communication base stations and the IoT, which are highly compatible with the Group's business. Qilian (Guangzhou)'s products have a sizable market capacity and fast growth rate, especially in the 5G era when the number of frequency band increases, with the value share of RF devices in mobile phones and base stations further increases. Qilian (Guangzhou) is ahead of similar enterprises in the PRC in terms of product performance and product categories, and its technical indexes are leading the international market, while it is enjoying obvious advantages in long-term domestic substitution. The investment will enhance the technical capability and product strength of the Group's 5G business. During the Year, there was no realised and unrealised profit or loss and no dividend received from the investment. As at 31 March 2022, the fair value of the investment was RMB80,000,000, which accounted for 5.1% of the total assets of the Group.

Future plans for significant investments and capital assets

The Group is currently exploring and identifying investment and acquisition opportunities in the IoT market, 5G and ITAI related industries, and expects to utilise its internal resources to fund the business expansion.

* *For identification purpose only*

Employee and remuneration policy

As at 31 March 2022, the Group employed a total of 231 employees (31 March 2021: 226 employees). For the Year, staff costs (including Directors' emolument) was approximately RMB77.45 million (2021: approximately RMB40.76 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, religion 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 welfare 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 and have been fully exercised during the Year. 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 at the material time, Mr. Lai Tse Ming[(1)] ("**Mr. Lai**"), pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019, and had been fully exercised during the Year. On 16 July 2021, 36,970,524 share options were granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme and the share options were outstanding as at 31 March 2022. On 20 August 2021, 4,100,000 share options were granted to the special assistant to the chairman and the general manager of the Company pursuant to the Share Option Scheme and the share options were outstanding as at 31 March 2022. As at the date of this announcement, none of the share options granted on 16 July 2021 and 20 August 2021 have been exercised.

Note:

(1) During the Year, Mr. Lai was the controlling Shareholder. As at the date of this announcement, Mr. Lai and Shine Well (which is wholly and beneficially owned by Mr. Lai) together hold approximately 25.3% of the entire issued share capital of the Company, out of which Shine Well holds approximately 22.2% out of the said approximately 25.3% shareholding; and accordingly Mr. Lai is the single largest substantial Shareholder.

* *For identification purpose only*

MAJOR AWARDS AND CERTIFICATES

The table below sets out the major awards and certificates received by the Group during the Year:

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/ Certified by
Certificate of Exterior Design Patent	IBO Communication is granted a patent regarding graphical user interface of base station management for computers	30 April 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding 5G DAS management system based on topology information	28 May 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information is granted a patent regarding UML picture recognition method and system	29 June 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding heat rejection devices for 5G radio frequency remote equipment	9 July 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding balanced base station load management and system	26 July 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information and IBO Communication are granted a patent regarding distributed base stations upgrade processing and system	27 July 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding extension units supporting GPS and Beidou positioning modules	17 September 2021	National Intellectual Property Administration
Qualification Certificate for Design, Construction and Maintenance	The design, construction and maintenance of the safety technology protection system of IBO Information is recognised as at the 4th level	23 September 2021 to 22 September 2023	Security Technology Prevention Management Office of Guangdong Provincial Public Security Department

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G CPE Embedded Software V1.0 by IBO Communication	30 September 2021	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Camera Embedded Software V1.0 by IBO Communication	8 October 2021	National Copyright Administration of the PRC
Certificate of Invention Patent	IBO Communication is granted a patent regarding message optimisation method and system based on TR069	19 October 2021	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for IBO NVR Embedded Software V1.0 by IBO Communication	1 November 2021	National Copyright Administration of the PRC
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding installation of supporting frames for communication devices	5 November 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding the Bridge Crane Video Monitoring System	9 November 2021	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Integrated Traffic Monitoring System V2.0 by IBO Information	24 November 2021	National Copyright Administration of the PRC
Certificate of Invention Patent	IBO Information is granted a patent regarding laptop monitor brightness adjustment system and method	30 November 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding a feature detection device and AI edge intelligent device	14 December 2021	National Intellectual Property Administration

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/ Certified by
Certificate of High-tech Enterprise	IBO Communication is recognised as a high-tech enterprise	23 December 2021 to 22 December 2024	Science and Technology Innovation Committee of Shenzhen Municipality, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding a prevention of breaking lightning conductor at 5G communication base station	18 January 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding a Communication Cabinet for Mobile Base Station	21 January 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding 5G communication base station with an automatic cooling function	21 January 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information and IBO Communication are granted a patent regarding 5G Internet Cafe Network System	28 January 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information and IBO Communication are granted a patent regarding Bridge Crane Video Network Enhancement System	8 February 2022	National Intellectual Property Administration

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR

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 operate and manage individually and jointly 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.

Entering into 5G Technology Application Cooperation Contract for E-Sports Stadiums of a Well-Known E-Sports Brand with Alba Culture and Sports Development

On 18 November 2021, in view of the professional team capabilities and abundant resource advantages of IBO Communication and Alba Culture and Sports Development in their respective industries and in order to optimise and share resources, by adhering to the principles of equal cooperation and mutual benefit and in accordance with the Civil Code of the PRC and relevant laws and regulations, the parties have entered into a 5G technology application cooperation contract for e-sports stadiums of the well-known e-sports brand in respect of cooperation on the application of IBO Communication's 5G technology in the construction and operation of Alba Culture and Sports Development's "e-sports stadiums" of the well-known e-sports brand after friendly negotiations.

Cooperation mainly includes the following:

1. Alba Culture and Sports Development and its affiliated companies shall entrust IBO Communication as the sole/exclusive partner for providing service for 5G technology application (including but not limited to services such as 5G network signal coverage, dedicated network technology application and new forms of e-sports business combined with 5G technology application) in "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development nationwide. In other words, within the term of cooperation between the parties, the 5G technology application, maintenance, upgrade services and so forth in all "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development and its affiliated companies nationwide will be exclusively provided by IBO Communication; and

2. IBO Communication shall accept the entrustment from Alba Culture and Sports Development to install 5G signal coverage equipment and systems for "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development (the ownership of the equipment and systems belongs to IBO Communication, while Alba Culture and Sports Development is entitled to the right to use them during the term of cooperation), and as requested by Alba Culture and Sports Development , IBO Communication will install transmission units of 5G pico base stations (different frequency bands require different types of transmission units of 5G pico base stations to be installed) at "e-sports stadiums" of the well-known e-sports brand to realise public 5G network signal coverage in leisure zones (or mobile game zones) of "e-sports stadiums" of the well-known e-sports brand, realise dedicated 5G network signal coverage of cloud terminals, and realise 5G technology application services.

Further details are set out in the announcement of the Company dated 18 November 2021.

Entering into Sales and Purchase Contract with Guangxi Hongyingda Electronics Technology Co., Ltd.

On 23 January 2022, IBO Electronics and Guangxi Hongyingda Electronics Technology Co., Ltd.* (廣西鴻盈達電子科技有限公司) ("**Guangxi Hongyingda Electronics**"), subject to the principle of equality and mutual benefit, entered into a sales and purchase contract in respect of the purchase of 14-inch domestically-produced notebook computers, all-in-one computers, and mini-host computer products by Guangxi Hongyingda Electronics from IBO Electronics, as well as related matters, following friendly negotiation in accordance with the relevant laws and regulations.

Guangxi Hongyingda Electronics shall purchase 10,050 domestically-produced 14-inch GK140 notebook computers, as well as a total of 150 24-inch all-in-one computers and M1 mini-host computers from IBO Electronics at a total consideration of RMB51.805 million.

The warranty period of the products as contained in this contract lasts one (1) year, and IBO Electronics will provide lifetime technical services for the products to Guangxi Hongyingda Electronics.

Further details are set out in the announcement of the Company dated 23 January 2022.

* *For identification purpose only*

Entering into ITAI Notebook Product Project Cooperation Agreement with Shenzhen Aerospace Innotech Corporation Limited

On 1 March 2022, IBO Electronics and Shenzhen Aerospace Innotech Corporation Limited (深圳市航天華拓科技有限公司) ("**Aerospace Innotech**") decided to establish a strategic cooperation partnership in the ITAI product project and entered into ITAI Notebook Product Project Cooperation Agreement, after extensive communication and exchanges, under the premise of equality and voluntariness, mutual benefit, common promotion and fruitful achievement, pursuant to the "Civil Code of the People's Republic of China" and the relevant laws and regulations.

The cooperation project between the parties is an ODM project of 200,000 domestically-produced notebook computers of ITAI products. The agreement is the basic agreement between the parties on the ODM project cooperation and the relevant matters such as subsequent procurement of products and services.

Product Development and Certification: Aerospace Innotech has engaged IBO Electronics to design and develop the domestically-produced notebook computer products under specified specifications. IBO Electronics shall complete product development according to Aerospace Innotech's requirements, and cooperate with Aerospace Innotech to carry out the certification for relevant ITAI products. The products shall use the name under Aerospace Innotech's trademark. Upon completion of certification, Aerospace Innotech shall possess the qualifications and conditions to sell the domestically-produced notebook computers of ITAI products under the project with its own brand.

Orders, and Manufacture and Delivery of Products: Upon completion of product development and certification, the parties shall use their respective market resources to cooperate and facilitate the sales of ITAI products in the market under the agreement. Aerospace Innotech shall, based on the market demand, place purchase orders to IBO Electronics in batches to order the products under the project. IBO Electronics shall arrange raw material procurement, supply chain management, organising production and processing in accordance with the purchase orders placed by Aerospace Innotech, and deliver the products to Aerospace Innotech. Matters such as specific purchase quantity, delivery date, price under the orders, delivery spot and method, payment terms, shall be stipulated under the purchase orders after negotiation between the parties.

Further details are set out in the announcement of the Company dated 1 March 2022.

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Mr. Lai and Shine Well[1] (the "**Covenantors**") in respect of the compliance with provisions of the deed of non-competition (the "**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 of 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

Promote the development of ITAI industry and product research and development to boost market share

In recent years, the demand for the domestic production of basic hardware and software has been repeated in a number of major policies, and the frequency of promulgation of such policies has significantly increased. Relevant policies have been progressively promulgated by the party and the central government to key industries, and from small-scaled pilot projects to industry-wide deployments, gradually expanding the coverage, and the demand for ITAI development in key industries is becoming more and more specific and quantitative. According to China Merchants Securities, it is estimated that from 2022 to 2025, the procurement demand for ITAI PCs from civil servants of the PRC's government agencies, commercial enterprises, financial institutions and operators will exceed one million units. There will be sizable demand for procurement of ITAI servers, and the ITAI industry will have a market size of RMB10 billion each year during the 14th Five-Year Plan period. According to the study, the scale of the PRC's ITAI market is expected to grow at a compound annual growth rate of 37.4% in the next five years, and will reach RMB800 billion in 2025.

Note:

(1) During the Year, Mr. Lai was the controlling Shareholder. As at the date of this announcement, Mr. Lai and Shine Well (which is wholly and beneficially owned by Mr. Lai) together hold approximately 25.3% of the entire issued share capital of the Company, out of which Shine Well holds approximately 22.2% out of the said approximately 25.3% shareholding; and accordingly Mr. Lai is the single largest substantial Shareholder.

Riding on the “14th Five-Year Plan” policies, the Group has been vigorously expanding its ITAI business, which is divided into direct sales and ODM channels according to its sales model, and actively participating in proprietary tendering to accelerate the launch of its products. During the Year, the purely domestically-produced notebook computers designed and developed by the Group have entered the market and were widely recognised, marking an important milestone for the Group’s successful entry into the trillion-dollar market of the ITAI industry. Starting from this year, the Group will, on the basis of continually improving its products, further allocate resources to enhance its marketing and promotion efforts of ITAI products, and extensively cooperate with industry partners to promote the sales of ITAI products of the Group and accelerate the rapid popularisation and promotion of localisation substitution in various industries.

In the future, the Group will grasp the latest trend to leverage on its technological advantages, accelerate the development of IT infrastructure hardware business such as domestically-produced notebook computers and mobile terminals, focus on electricity, finance, telecommunications, education and other pioneering sectors where the ITAI products and projects are applied, accelerate the development of the ITAI industry and product research and development, and strive to gain further market shares, where the Group’s purely domestically-produced ITAI products are expected to become a source of growth for the Group’s future results.

Accelerate the application of 5G construction to support the digitalisation transformation of society

As a representative of the new generation of information and communication technologies, the 5G technology is accelerating its deep integration with various fields of the economy and society, and becoming a key driver for the digitalisation, networking and intelligent transformation of the economy and society. In May 2022, the MIIT proposed to steadily and orderly push forward the construction of 5G and gigabit optical networks, deepen the common construction and sharing of networks, continuously improve the depth and breadth of network coverage, and sponsor the completion of 600,000 5G base stations during this year. Accelerating the large-scaled application of 5G will be the key measure to help the digitalisation transformation of various industries, thus stimulating the high-quality economic and social development.

As 5G construction in the PRC has entered into a high-speed development stage, small base stations and indoor building systems play an important role in the development of 5G as well as the intelligent industries. 5G products have the characteristics of high signal frequency and fast fading, and the new 5G indoor building systems and 5G pico base stations developed by the Group can effectively solve the problem that 5G signals from outdoor 5G macro and micro base stations cannot cover the indoor areas. The new 5G indoor coverage and network enhancement solutions are highly flexible, easy to deploy, manageable and controllable. As the underlying network support for the "Internet of Everything", the new 5G indoor coverage and network enhancement solutions can be configured to different business scenarios and industry chains, providing customers with one-stop solutions for 5G applications. In addition, the Group has obtained the telecommunication equipment access license from the MIIT, which includes the 5G bands of the three major operators, namely China Mobile, China Telecom and China Unicom, and is one of the few companies in the market that have obtained the access license for 5G pico base stations, giving it the pioneer advantages. In the future, the Group will keep pace with the times and leverage its technological advantages to focus on the digitalisation upgrade of the industry and the large-scaled application of 5G, so as to meet the strong demand of the market.

The Group has already collaborated with a number of large state-owned enterprises and private enterprises through different projects, and has made a series of positive progress in the technical testing and centralised procurement of small base station products for operators such as China Mobile and China Telecom, with product sales entering a period of rapid growth. Looking ahead, the Group will build on its successful experience in previous projects and leverage on its solid foundation in the industry, as well as the synergies generated with enterprise partners in various aspects such as technology, supply chain and market to organise research and pilot testing for 5G private networks, to break through key links from application to deployment, and to actively participate in the centralised tendering and procurement projects of telecommunication operators, thus providing the best quality solutions to operators and industry partners.

Actively identify collaboration and merger and acquisition (M&A) targets

The Group will actively identify suitable M&A targets that can create strong synergies with its existing principal businesses to support the Group's operations and rapid development. Meanwhile, the Group will strive to enhance the synergy effect of its principal businesses to achieve the effect of one plus one being greater than two, which will in turn facilitate the consolidation and improvement of the Group's business industry chain.

Synergistic development of three major businesses towards harvesting period

Benefiting from the momentum of national policies and large market demand, the Group has fully integrated its market resources and made continuous efforts in the fields of 5G (communication equipment and private network solutions), ITAI IT (terminal products and industry solutions) and IoT (products and solutions).

The three business segments are closely interconnected and synergistic in terms of underlying technologies, application technologies, supply chains, projects and business models. The Group integrates and innovates the 5G, ITAI IT and IoT technologies to form new business models and industrial ecologies, so as to effectively leverage its advantages and integrated technical capabilities to maximise the overall value creation. Leveraging on the Group's accumulated technologies and strong market demand, the three businesses of the Group are expected to generate significant synergies, which will contribute to the exponential growth of the Group's business scale while creating unique core advantages. The Group is confident that the integration and innovation of the three core businesses will provide one-stop digital solutions to customers from various industries, and stand out in the highly competitive market while maximising returns for the Shareholders.

EVENTS AFTER THE REPORTING PERIOD

Winning the Tender of the Centralised Procurement Project on 5G Mobile Broadband MIMO System of China Mobile Communications Group Shaanxi Co., Ltd.* for Year 2022–2023

On 19 April 2022, IBO Communication successfully won the centralised procurement project on 5G mobile broadband MIMO system of China Mobile Communications Group Shaanxi Co., Ltd.* (中國移動通信集團陝西有限公司) for year 2022–2023 with a contract sum of RMB15,594,000. The product of the project is a 5G indoor signal allocation product self-developed by IBO Communication, which is able to facilitate the quick realisation of indoor coverage of 5G signal at a low cost by operators. Further details are set out in the announcement of the Company dated 20 April 2022.

* *For identification purpose only*

Discloseable Transaction of the Acquisition of Time Lead

On 21 April 2022, Successful Joy Holdings Limited (成悅控股有限公司) ("**Successful Joy**"), a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with, among others, Skill Time Developments Limited (藝時發展有限公司) ("**Skill Time**"), pursuant to which Successful Joy has conditionally agreed to purchase, and Skill Time has conditionally agreed to sell the sale shares, representing 16.67% of issued share capital of Time Lead Enterprises Limited (時領企業有限公司) ("**Time Lead**", together with its subsidiaries, the "**SDXC Group**"), at the consideration of RMB20,000,000 (equivalent to approximately HK$24,509,804) (the "**Acquisition of Time Lead**"). The consideration shall be satisfied by the issue of the convertible bonds by the Company to Skill Time. In addition, subject to the fulfillment of certain performance targets, Successful Joy conditionally agreed to pay the performance bonuses of up to RMB80,000,000 (equivalent to approximately HK$98,039,216) by issuing incentive shares by the Company to Skill Time. Accordingly, the aggregate of the consideration and the performance bonuses amounts to RMB100,000,000 (equivalent to approximately HK$122,549,020).

Subject to the conversion condition under the convertible bonds instrument, the convertible bonds will carry the conversion rights to convert into the conversion shares at the conversion price of HK$2.924 per conversion share (subject to adjustments). Assuming the convertible bonds are converted in full at the initial conversion price, a maximum of 8,382,285 conversion shares will be allotted and issued by the Company. Subject to the terms of the convertible bonds instrument, if the conversion condition is not fulfilled, the Company shall redeem the convertible bonds in full by the redemption transfer. After the redemption transfer, Successful Joy will be deemed to have completed the redemption of the convertible bonds and Skill Time's rights as bondholder will be extinguished and released. Assuming all the performance targets are fulfilled, a maximum of 33,529,142 incentive shares will be allotted and issued by the Company at an issue price of HK$2.924 per incentive share as the performance bonuses. The conversion shares and the incentive shares shall be allotted and issued pursuant to the 2021 General Mandate.

On 17 May 2022, Successful Joy and Skill Time entered into a supplemental sale and purchase agreement to (i) amend the condition precedent to the Acquisition of Time Lead relating to the listing approval of conversion shares; (ii) amend the conditions of the issue of the incentive shares; and (iii) add the term relating to the obtaining of the listing approval of the incentive shares.

Upon completion of the Reorganisation (as defined in the announcement of the Company dated 21 April 2022), Time Lead will indirectly own 60% equity interest in SDXC Shenzhen.

SDXC Shenzhen is a company established in the PRC with limited liability, which mainly engages in the design, development, manufacturing and sales of domestically-produced computer software and hardware products, electronic products, components and related technology in the PRC. For example, it engages in design and integration of the main board, structure and exterior of next unit of computing (NUC), notebook, personal computer, server, etc.

The SDXC Group is principally engaged in the design, development, production and sales of main boards for mini desktop computers, notebook computers and industrial mobile terminal products. The key members of the management team of the SDXC Group have worked in the leading positions in international manufacturing companies of computer products. With their professional knowledge, experiences and connections in the industry, the Company believes that the Acquisition of Time Lead will bring many benefits to the business development in the ITAI industry for the Group.

Benefits of the Acquisition of Time Lead to the Company

The SDXC Group is currently one of the core suppliers of the Group's localised main boards for mini desktop computers, notebook computers and industrial mobile terminal products. In view of the superior and stable quality of the products and services supplied, the Group considers that the Acquisition of Time Lead is beneficial to lock in the resources of this high-quality supplier in the industry, to form a deeper level of common interests, to strengthen mutual trust so as to carry out all-round cooperation, to give full play to respective advantages, and to promote the development of the ITAI business of the Group.

The management team of the SDXC Group has extensive industry experience in the design, development and production of main boards for mini desktop computers, notebook computers and industrial mobile terminal products, is familiar with the upstream and downstream of the industry chain, and has industry contacts. The establishment of a comprehensive cooperative relationship through the Acquisition of Time Lead will facilitate the Group to speedily open up upstream and downstream resources and provide assistance in areas such as component procurement, manufacturing and market resource development.

In the industrial application and promotion of ITAI products, it is usually necessary to design and develop industry mobile terminals or computer products, adapt industry application software, and debug peripheral equipment such as card readers and scanners based on industry characteristics, in order to ensure the software and hardware systems and peripheral equipment of ITAI products can be well matched to meet the specific needs of applications in different industries. Therefore, the design and development capabilities of ITAI products are critical for industry application promotion. The technical team of the SDXC Group has relatively rich experience in the design and development of main boards for desktop computers, notebook computers and industrial mobile terminal products, and can cooperate and complement the development team of the Group to enhance the design and development capabilities for ITAI products of the Group, laying a more solid foundation for the promotion of industry application of ITAI products of the Group.

The completion of the Acquisition of Time Lead is subject to fulfillment of the corresponding conditions precedent. Further details, including the payment mechanism for the performance bonuses and the principal terms of the convertible bonds, are set out in the announcements of the Company dated 1 March 2022, 21 April 2022 and 17 May 2022.

The Allotment and the Issue of the Consideration Shares as Consideration for the Acquisition of Bright Leap

On 13 September 2018, Upright Joy Limited ("**Upright Joy**"), a wholly-owned subsidiary of the Company entered into the following agreements relating to the acquisition of 51.7321% of the issued share capital of Bright Leap Limited ("**Bright Leap**") (the "**Acquisition of Bright Leap**"):

(1) the first sale and purchase agreement (the "**First Sale and Purchase Agreement**") with, among others, 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, 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; and

(2) the second sale and purchase agreement with, among others, 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.

On 20 September 2018, Upright Joy, Wisdom Galore, Bright Leap and other relevant parties entered into a supplemental sale and purchase agreement to revise and clarify certain formula of the adjustment mechanism regarding the consideration shares (together with the First Sale and Purchase Agreement, collectively the "**Sale and Purchase Agreement**").

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

Pursuant to the Sale and Purchase Agreement, 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 2021 shall not be less than RMB25,000,000 (the "**Third Year Guaranteed Profit**").

The aggregated audited profit of Bright Leap, the wholly-owned subsidiary of Bright Leap incorporated in Hong Kong and Weitu Group for the year ended 31 March 2021 exceeded the Third Year Guaranteed Profit. Under the relevant consideration shares adjustment mechanism, 8,195,632 consideration shares of the Third Year Guaranteed Profit have been allotted and issued to Wisdom Galore under the 2018 General Mandate on 25 May 2022. The Company has also issued 10,927,509 consideration shares and 8,195,632 consideration shares to Wisdom Galore on 17 September 2019 and 11 December 2020 respectively, under the 2018 General Mandate and pursuant to the relevant consideration shares adjustment mechanism. Thus, the Company has fully allotted and issued 27,318,773 consideration shares to Wisdom Galore as at 25 May 2022. 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, 11 December 2020 and 25 May 2022.

USE OF NET PROCEEDS

Use of Net Proceeds from the Subscription of 60,000,000 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. 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 was a controlling Shareholder of the Company at the material time, and therefore Shine Well was a connected person of the Company under Chapter 14A of the Listing Rules. The subscription agreement and the transaction contemplated thereunder constituted a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules, and were 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, 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.

Pursuant to one of the conditions precedent to the First Stage Subscription of the subscription agreement, the respective total revenue of the Group as shown in the relevant audit report 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.

On 3 February 2021, as all of the conditions precedents to the First Stage Subscription have been fulfilled and 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 Shine Well at a subscription price of HK$1.5 per subscription share under the specific mandate and the First Stage Subscription was completed with total proceeds amounting 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 was approximately HK$1.49.

Pursuant to one of the conditions precedent to the Second Stage Subscription of the subscription agreement, the respective total revenue of the Group as shown in the relevant audit reports prepared by the auditor of the Company for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 shall not be lower than RMB265,875,000, RMB358,931,250 and RMB484,557,190 (the "**Second Revenue Targets**"). The Second Revenue Targets of the Group as shown in the audited reports for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 exceeded RMB265,875,000, RMB358,931,250 and RMB484,557,190 respectively. On 18 February 2022, the Company allotted and issued 10,000,000 subscription shares to Shine Well, and the net proceeds (after deducting all relevant expenses) were approximately HK$14.9 million (equivalent to approximately RMB12.1 million) and the net issue price per subscription share was approximately HK$1.49 (after deducting relevant expenses). The remaining 40,000,000 subscription shares were allotted and issued by the Company to Shine Well and the Second Stage Subscription was completed on 29 April 2022.

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, 3 February 2021, 29 September 2021, 30 December 2021, 31 January 2022, 21 February 2022, 31 March 2022 and 29 April 2022 and the circular of the Company dated 25 April 2019.

As of 31 March 2022, the Group has used a total of approximately RMB37.5 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), 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 has been deposited in a licensed financial institution. Set out below is summary of use of the net proceeds:

	Original allocation of net proceeds from subscription of 60,000,000 subscription shares *(Note 1)*		**Actually utilised amount as of 31 March 2022**	**Unutilised amount as of 31 March 2022**
	%	*RMB million*	*RMB million*	*RMB million*
I4 Project	77.8	57.8	21.0*(Note 2)*	36.8*(Notes 3, 4)*
Additional working capital and other general corporate purposes	14.8	11.0	11.0	–
FSM Project	3.4	2.5	2.5	–
Other projects, including but not limited to the MS Project	4.0	3.0	3.0	–
	100.0	74.3	37.5	36.8

Notes:

1. The actual amount 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 due to the completion of First Stage Subscription only and partial completion of the Second Stage Subscription only as of 31 March 2022, as well as the fluctuation of the exchange rate. The net proceeds from the allotment and issue of the remaining 40,000,000 subscription shares by the Company to Shine Well on 29 April 2022 are not included in the amounts herein. 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 net proceeds from the First Stage Subscription and Second Stage Subscription should have been used up as at 31 March 2021 and 31 March 2022 respectively. However, as (i) the completion of First Stage Subscription was extended from a date falling on or before 30 September 2020 (as originally scheduled) to 3 February 2021; (ii) the Company allotted and issued 10,000,000 subscription shares to Shine Well as part of the Second Stage Subscription on 18 February 2022, and the remaining 40,000,000 subscription shares to Shine Well were issued on 29 April 2022; and (iii) such project partly engages in foreign trading business and the ongoing COVID-19 pandemic and the related epidemic prevention measures have caused certain disruptions to the smooth flow of global logistics and transportation, as well as impacts to the global economic instability, the progress of the use of proceeds was affected. Details are set out in the announcements of the Company dated 29 September 2020, 30 October 2020, 31 December 2020, 3 February 2021, 29 September 2021, 30 December 2021, 31 January 2022, 21 February 2022, 31 March 2022 and 29 April 2022.

3. It is expected to be used up in March 2023.

4. The expected timeline for use of unutilised net proceeds is based on the Group's best estimate of future market conditions, subject to current and future changes of market conditions.

Use of Net Proceeds from the 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 ordinary 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.

The gross proceeds and net proceeds (after deducting the commission payable to the placing agent, professional fee and other related costs and expenses in relation to the placing) from the placing were approximately HK$77,490,000 and approximately HK$75,900,000 (equivalent to approximately RMB63,100,000), respectively. The net placing price after deducting related expenses was approximately HK$3.61 per Share.

As disclosed in the announcements of the Company dated 23 October 2019, 19 November 2019, 15 June 2020, 30 June 2020, 17 July 2020, 25 August 2020, 23 September 2020 and 24 March 2021, the Group has been actively expanding its business in 5G products and systems. Proceeding with the placing can supplement the Group's long-term funding of its business expansion and development plan, including in the 5G services market.

The Directors consider that the placing will also provide an opportunity to raise further capital for the Company whilst broadening the Shareholder base and the capital base of the Company.

The Directors consider that the terms of each of the placing (including the placing price and the placing commission) are fair and reasonable under the current market conditions and are in the interest of the Company and Shareholders as a whole.

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

As of 31 March 2022, the Group used up all of the net proceeds, and the net proceeds have been used in the manner as set out in the announcements of the Company dated 5 May 2021 and 13 May 2021, which are as follows:

(i) approximately 90%, or HK$68,300,000 (equivalent to approximately RMB56,800,000) will be used to invest in its 5G products and systems, for example, purchase of raw materials, research and development and marketing; and

(ii) approximately 10%, or HK$7,600,000 (equivalent to approximately RMB6,300,000) will be used to provide funding for its working capital and other general corporate purposes.

The utilisation of net proceeds was summarised as below:

	Planned allocation of the net proceeds from the placing of new Shares		**Actually utilised amount as of 31 March 2022**	**Unutilised amount as of 31 March 2022**
	%	*RMB million*	*RMB million*	*RMB million*
Investments in 5G products and systems	90	56.8	56.8	–
Funding for its working capital and other general corporate purposes	10	6.3	6.3	–
	100	63.1	63.1	–

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 Hong Kong Institute of Certified Public Accountants 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 standards 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 standards 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 of the Company to be held on 20 September 2022, the register of members will be closed from 15 September 2022 to 20 September 2022, 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 of the Company, 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 14 September 2022.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

2022 ANNUAL GENERAL MEETING

It is proposed that the 2022 annual general meeting of the Company (the "**2022 Annual General Meeting**") will be held on 20 September 2022. A notice convening the 2022 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be despatched 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
“Director(s)”	the director(s) of the Company
“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
“2021 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 30 September 2021 to allot and issue up to 110,104,628 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 Electronics"	IBO Shenzhen Electronics Limited* (深圳市艾伯電子有限公司), 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
"IoT"	Internet of Things
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region
"RMB"	Renminbi, the lawful currency of the PRC

* *For identification purpose only*

"SDXC Shenzhen"	SDXC Top Technology (Shenzhen) Corporation Limited* (深圳市時代信創新技術有限公司), a company established in the PRC with limited liability
"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 and Hunan Yingding
"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 2022

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, Mr. Hung Muk Ming and Mr. Liu Ping.

* *For identification purpose only*