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**IBO TECHNOLOGY COMPANY LIMITED**

**艾伯科技股份有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2708)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

**RESULTS HIGHLIGHTS**

- Revenue for the six months ended 30 September 2022 was approximately RMB366.15 million, representing an increase of 37.5% as compared with approximately RMB266.28 million for the six months ended 30 September 2021.
- Gross profit for the six months ended 30 September 2022 was approximately RMB76.33 million, representing an increase of 14.2% as compared with approximately RMB66.85 million for the six months ended 30 September 2021. Gross profit margin for the six months ended 30 September 2022 was 20.8%, representing a decrease of 4.3 percentage points as compared with 25.1% for the six months ended 30 September 2021.
- Profit attributable to owners of the Company for the six months ended 30 September 2022 was approximately RMB7.39 million, representing an increase of 69.1% as compared with approximately RMB4.37 million for the six months ended 30 September 2021.
- Basic earnings per Share for the six months ended 30 September 2022 was approximately RMB1.17 cent, representing an increase of 42.7% as compared with approximately RMB0.82 cents for the six months ended 30 September 2021.

## UNAUDITED INTERIM RESULTS

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2022 (the “**Period**”), together with the comparative figures for the six months ended 30 September 2021 as below:

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

*For the six months ended 30 September 2022*

	Notes	Six months ended	
		30 September 2022	2021
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3	366,154	266,275
Cost of sales and services rendered		<u>(289,826)</u>	<u>(199,424)</u>
Gross profit		76,328	66,851
Other income		4,234	4,125
Other (losses) gains, net	5	(17,946)	19,516
Share of results of associates		(5)	–
Impairment losses under expected credit loss model, net of reversal		(2,652)	(2,004)
Distribution and selling expenses		(3,356)	(3,818)
Administrative expenses		(37,483)	(50,360)
Finance costs		(9,084)	(10,568)
Research and development expenses		<u>(3,613)</u>	<u>(9,254)</u>
Profit before taxation		6,423	14,488
Income tax expense	6	<u>(7,348)</u>	<u>(8,967)</u>
(Loss) profit and total comprehensive (expense) income for the period	7	<u><u>(925)</u></u>	<u><u>5,521</u></u>
Profit (loss) and total comprehensive income (expense) for the period attributable to			
— Owners of the Company		7,390	4,367
— Non-controlling interests		<u>(8,315)</u>	<u>1,154</u>
		<u><u>(925)</u></u>	<u><u>5,521</u></u>
Earnings (loss) per share			
— Basic (RMB cents)	9	<u><u>1.17</u></u>	<u><u>0.82</u></u>
— Diluted (RMB cents)	9	<u><u>1.17</u></u>	<u><u>(1.65)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2022*

		30 September 2022	31 March 2022
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		7,644	8,821
Right-of-use assets		5,027	9,427
Investment properties		20,720	21,000
Goodwill		23,632	23,632
Intangible assets		92,486	71,474
Interests in associates		213,027	213,032
Rental deposits		–	891
Deferred tax assets		10,290	9,111
		<b>372,826</b>	357,388
<b>Current assets</b>			
Inventories		6,229	2,210
Trade and other receivables	10	1,374,909	939,539
Contract assets		5,008	1,947
Amounts due from related companies		3,863	67
Amounts due from non-controlling interests		210	515
Financial assets at fair value through profit or loss		38,426	16,415
Pledged bank deposits		10,000	–
Bank balances and cash		39,870	243,611
		<b>1,478,515</b>	1,204,304
<b>Current liabilities</b>			
Trade and other payables	11	810,067	657,854
Lease liabilities		3,284	5,475
Amounts due to non-controlling interests		10,372	8,977
Tax payables		54,905	51,903
Bank and other borrowings		68,643	31,013
Consideration payable		–	33,456
Convertible bonds		–	28,198
Bonds payables		78,240	63,177
		<b>1,025,511</b>	880,053

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
<b>Net current assets</b>	<b>453,004</b>	324,251
<b>Total assets less current liabilities</b>	<b>825,830</b>	681,639
<b>Non-current liabilities</b>		
Bank and other borrowings	2,970	2,430
Bonds payables	34,043	26,562
Lease liabilities	1,763	4,197
Deferred tax liabilities	28,383	27,236
	<b>67,159</b>	60,425
<b>Net Assets</b>	<b>758,671</b>	621,214
<b>Capital and reserves</b>		
Share capital	5,369	4,865
Reserves	658,522	529,754
Equity attributable to owners of the Company	663,891	534,619
Non-controlling interests	94,780	86,595
<b>Total Equity</b>	<b>758,671</b>	621,214

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022.

### **Application of new and amendments to HKFRSs**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE

#### Disaggregation of revenue

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

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Intelligent terminal products sales	<b>313,866</b>	206,258
Provision of coordination, management and installation services	<b>264</b>	17
Software development	<b>46,162</b>	54,916
System maintenance services	<b>5,862</b>	5,084
	<b><u>366,154</u></b>	<u>266,275</u>

##### *Timing of revenue recognition*

	<b>Six months ended 30 September 2022 (Unaudited)</b>				
	<b>Intelligent terminal products sales</b>	<b>Provision of coordination, management and installation services</b>	<b>Software development</b>	<b>System maintenance services</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
A point in time	<b>313,866</b>	–	–	–	<b>313,866</b>
Over time	<b>–</b>	<b>264</b>	<b>46,162</b>	<b>5,862</b>	<b>52,288</b>
	<b><u>313,866</u></b>	<b><u>264</u></b>	<b><u>46,162</u></b>	<b><u>5,862</u></b>	<b><u>366,154</u></b>

	<b>Six months ended 30 September 2021 (Unaudited)</b>				
	<b>Intelligent terminal products sales</b>	<b>Provision of coordination, management and installation services</b>	<b>Software development</b>	<b>System maintenance services</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
A point in time	206,258	–	–	–	206,258
Over time	–	17	54,916	5,084	60,017
	<u>206,258</u>	<u>17</u>	<u>54,916</u>	<u>5,084</u>	<u>266,275</u>

#### 4. SEGMENT INFORMATION

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

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

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

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

##### For the six months ended 30 September 2022

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>REVENUE</b>					
External sales	<u>313,866</u>	<u>264</u>	<u>46,162</u>	<u>5,862</u>	<u>366,154</u>
<b>SEGMENT PROFIT</b>	<u>56,270</u>	<u>225</u>	<u>13,072</u>	<u>1,883</u>	71,450
Unallocated income					4,234
Unallocated expenses					(4,748)
Administrative expenses					(37,483)
Finance costs					(9,084)
Unallocated other gains and losses					<u>(17,946)</u>
Profit before taxation					<u>6,423</u>

**For the six months ended 30 September 2021**

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>REVENUE</b>					
External sales	<u>206,258</u>	<u>17</u>	<u>54,916</u>	<u>5,084</u>	<u>266,275</u>
<b>SEGMENT PROFIT</b>	<u>12,853</u>	<u>24</u>	<u>50,502</u>	<u>1,468</u>	64,847
Unallocated income					4,125
Unallocated expenses					(13,072)
Administrative expenses					(50,360)
Finance costs					(10,568)
Unallocated other gains and losses					<u>19,516</u>
Profit before taxation					<u>14,488</u>

Segment profit (loss) represents the profit (loss) before taxation earned by each segment without allocation of other income, other expenses, other gains and losses, distribution and selling expenses, administrative expenses, finance costs, research and development expenses and share of results of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

**Segment assets and liabilities**

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

**Geographical information**

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	Revenue Six months ended 30 September	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
The PRC	<b>366,154</b>	239,738
Hong Kong	<u>–</u>	<u>26,537</u>
	<u><b>366,154</b></u>	<u>266,275</u>



## 5. OTHER (LOSSES) GAINS, NET

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net exchange (loss) gain	(9,722)	2,260
Loss on change in fair value of financial assets at fair value through profit or loss	(7,640)	(948)
(Loss) gain on change in fair value of investment properties	(280)	200
Recognition of deferred loss from initial recognition of convertible bonds	(287)	(1,338)
Gain on change in fair value of the derivative component of the convertible bonds	–	12,065
Gain on change in fair value of consideration payables	–	13,111
Impairment loss recognised on interests in associates	–	(5,507)
Others	(17)	(327)
	<u>(17,946)</u>	<u>19,516</u>

## 6. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	6,484	8,407
Deferred tax	864	560
	<u>7,348</u>	<u>8,967</u>

### Hong Kong

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

During the current interim period, no provision for taxation in Hong Kong has been made as the Group has no assessable profit for the interim period (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 current interim period.

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 interim periods.

## 7. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation of property, plant and equipment	<b>1,573</b>	1,463
Depreciation of right-of-use assets	<b>2,893</b>	1,556
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	<b>5,095</b>	3,568
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	<b>289,826</b>	199,424
Gross rental income from investment properties	<b>(267)</b>	(268)
Impairment loss recognised in respect of trade receivables	<b>4,877</b>	1,458
Impairment loss recognised in respect of contract assets	<b>5</b>	566
Impairment loss reversed in respect of other receivables	<b>(2,204)</b>	–
Impairment loss reversed in respect of rental deposits	<b>(18)</b>	(20)
Impairment loss reversed in respect of amounts due from non-controlling interests	<b>(8)</b>	–
	<b>_____</b>	<b>_____</b>

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period (2021: nil), nor had any dividend been proposed since the end of the reporting period.

## 9. 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:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings (loss):		
Earnings for the purpose of calculating basic earnings per share	<b>7,390</b>	4,367
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>–</u>	<u>(13,409)</u>
Earnings (loss) for the purpose of calculating diluted loss per share	<u><b>7,390</b></u>	<u>(9,042)</u>
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>'000</b>	<b>'000</b>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>631,718</b>	534,510
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>–</u>	<u>12,860</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	<u><b>631,718</b></u>	<u>547,370</u>

The computation of diluted earnings per share for the period ended 30 September 2022 does not assumed the exercise of the Company's share options and the conversion of the outstanding convertible bonds since their assumed exercise or conversion would result in an increase in earnings per share.

The exercise of the Company's share options would have an anti-dilutive effect, therefore the share options are ignored in the calculation of diluted loss per share in 2021.

## 10. TRADE AND OTHER RECEIVABLES

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
Trade receivables	<b>1,121,618</b>	903,364
Less: allowance for ECL	<b>(40,040)</b>	(35,163)
	<b>1,081,578</b>	868,201
Bill receivables	–	214
Other receivables, net of ECL	<b>71,742</b>	14,086
Value-added tax recoverable	–	8
Prepayments for purchase of inventories	<b>220,389</b>	56,234
Rental deposit, net of ECL	<b>1,200</b>	796
Total trade and other receivables	<b>1,374,909</b>	939,539

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

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

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
0–30 days	<b>234,798</b>	377,097
31–90 days	<b>138,074</b>	226,891
91–180 days	<b>5,472</b>	743
181–365 days	<b>487,605</b>	97,648
Over 365 days	<b>215,629</b>	165,822
	<b>1,081,578</b>	868,201

## 11. TRADE AND OTHER PAYABLES

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
Trade payables ( <i>note a</i> )	608,448	506,710
Bills payables	10,000	4,000
Contract liabilities ( <i>note b</i> )	5,670	663
Other payables	19,734	10,643
Other tax payables	139,971	118,239
Accrued expenses	7,381	3,858
Accrued payroll expenses	14,327	10,994
Interest payables	4,536	2,747
	<u>608,448</u>	<u>506,710</u>
Total trade and other payables	<u><b>810,067</b></u>	<u>657,854</u>

*Notes:*

- (a) The credit period on trade payables ranged from 30 days to 60 days.
- (b) The contract liabilities primarily relate to the advance consideration received from customers for sales of intelligent terminal products, for which revenue is recognised at point in time. This will be recognised as revenue when control of the goods has transferred, being when the goods have been delivered to the customers' specific location.

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

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
0–30 days	243,339	252,317
31–90 days	126,146	186,715
Over 90 days	238,963	67,678
	<u>243,339</u>	<u>252,317</u>
	<u><b>608,448</b></u>	<u>506,710</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

The Group is a national high-tech enterprise that designs, researches and develops and provides customers with Information Technology Application Innovation (“ITAI”) electronic terminals, 5G communication network and artificial intelligence IoT products, as well as industrial digital solutions. The Group’s three main businesses are ITAI Information Technology (“IT”) (terminal products and industry solutions), 5G (communication equipment and private network solutions) and IoT (products and solutions), and is committed to providing services to customers in public and private sectors.

In terms of ITAI IT products, the Group is committed to providing high-quality domestically-produced 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 5G pico base station finished 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 rapidly upgrades its proprietary IoT technology and combines it with ITAI electronic product technology and 5G communication network technology, aiming to provide one-stop industrial digital solutions for enterprise customers.

### MARKET REVIEW

#### Large Room for Domestic Substitution and Strong Demand for the ITAI Industry

ITAI industry is the foundation for the development of the digital economy and information security. It is an important part of the “new infrastructure” and an important part of the PRC’s economic growth. With the application of cloud computing, IoT, artificial intelligence (AI), big data, etc., the PRC’s ITAI business continues to develop, and the industry margin continues to expand.

The central government has incorporated the ITAI industry into the national development strategy, and has continuously introduced relevant policies to support the development of the industry. It has proposed a “2 (party and government) + 8 (eight major industries such as finance and telecommunications) development system”, started to accelerate the construction of the talent training system for domestic software, strengthened the main position of enterprise innovation, and accelerated the implementation of independent technological innovation products. In March 2022, the “14th Five-Year Plan for the Development of Digital Economy” (《「十四五」數字經濟發展計劃》) of the State Council proposed to accelerate the promotion of digital industrialisation, enhance the innovation capability of key technologies, raise the competitiveness of core industries,

focus on improving the supply level of basic software and hardware, core electronic components, key basic materials and production equipment, and strengthen the self-sufficiency guarantee capability of key products. In June 2022, the State Council's "Guiding Opinions on Strengthening the Building of a Digital Government" (《關於加強數字政府建設的指導意見》) proposed to effectively improve the level of independence and controllability, and accelerate the breakthrough of key core technologies in the field of digital government construction. In addition, the report of the 20th National Congress of the Communist Party of China also focused on "technological innovation" and "national security" and adhered to self-reliance of science and technology. A number of favourable policies indicated that the PRC's ITAI industry has entered an accelerated stage of domestic substitution. According to the "2022 China ITAI Ecological Market Research and Selection Assessment Report" (《2022年中國信創生態市場研究和選型評估報告》) issued by HAP Academy, the ecology of the ITAI industry in the PRC has entered a stage of acceleration since September 2022, with active bidding and tendering in all links of the industry chain. Moreover, the scale of the ITAI industry reached RMB92.202 billion in 2022, with a compound annual growth rate of 35.7% in the past five years.

At present, the ITAI industry presents a huge market gap and unprecedented market opportunities. Benefiting from the central and local governments' efforts in promoting ITAI procurement, the scale of the ITAI industry in the PRC has been growing rapidly, and the Group has penetrated into various key industries such as finance, telecommunications and energy. The market demand for pure domestically-produced software and hardware has accelerated, driving the development of the entire industry chain into a new "trillion-dollar industry".

### **5G Consolidating the "Digital China" Foundation to Empower the Digitalisation Process of Thousands of Industries**

At present, 5G has become an important driver to promote the development of the digital economy. During the "14th Five-Year Plan" period, with the support of "new infrastructure", the PRC will scientifically deploy and promote the construction of new information network-based and technological innovation-driven infrastructure, striving to build the world's largest independent 5G network. Based on the rapid advancement of network deployment, 5G is shifting from large-scale commercial to high-speed development and has an empowerment effect in different industries, forming a number of typical application scenarios with commercial value.

In order to promote 5G to better empower thousands of industries, the national and local governments have increased their support for 5G network construction. In July 2021, the “5G Application “Set Sail” Project (2021–2023)” (《5G應用「揚帆」行動計劃(2021–2023年)》) was issued, focusing on promoting the application of 5G in 15 industries, including industrial internet, finance, education and medical care. The “2022 Report on the Work of the Government” (《2022年政府工作報告》) published in March 2022 pointed out that the overall layout of the “Digital China” construction will be strengthened, digital information infrastructure will be built, and the national integrated big data centre system will be gradually established to promote the large-scale application of 5G and promote the digital transformation of the industry. The application and development of 5G for the whole industry has become a new driver for enterprise revenue growth, which has accelerated the large-scale implementation of application scenarios in vertical industries such as industrial manufacturing. In September 2022, the “Guidelines for the Construction of 5G Fully Connected Factories” (《5G全連接工廠建設指南》) proposed to promote the construction of 5G fully connected factories for thousands of enterprises during the “14th Five-Year Plan” period, and build 1,000 factories with classification and distinctive features to promote the in-depth development of 5G integrated applications.

According to the data from the China Academy of Information and Communications Technology, the PRC’s total economic output directly driven by 5G in 2021 reached RMB1.3 trillion, representing a year-on-year increase of more than 30%. In recent years, the PRC’s 5G network construction has accelerated, and its network coverage has continued to advance. According to the information from the Ministry of Industry and Information Technology of the PRC, the PRC’s target of building 2 million new 5G base stations has been outstripped ahead of the schedule. As of the end of September 2022, the total number of 5G base stations in the PRC has reached 2.22 million, accounting for more than 60% of the 5G base stations around the globe. In the process of digital transformation of the industry, Chinese enterprises made full use of the advantages of 5G wide coverage and high speed to build industrial ecosystems in industrial scenarios, such as smart transportation, smart logistics, smart energy, and smart medical care, thus promoting the realisation of the digital upgrading of the industry.

During the Period, the Group actively seized the opportunity of domestic substitution. The demand for 5G, ITAI IT and IoT, the three major business segments, increased steadily and showed a good development trend. Given that these three business segments are closely connected and synergised in terms of underlying technologies, application technologies, supply chain projects and business models, the Group has been actively developing and innovating to create new business models and industrial ecosystems, thus providing one-stop industrial digital solutions for customers in different industries.



## BUSINESS REVIEW

During the Period, 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 six months ended 30 September			
	2022		2021	
	(unaudited)		(unaudited)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Intelligent terminal products sales	313,866	85.7	206,258	77.5
System integration	264	0.1	17	0.0
Software development	46,162	12.6	54,916	20.6
System maintenance services	5,862	1.6	5,084	1.9
Total	<u>366,154</u>	<u>100.0</u>	<u>266,275</u>	<u>100.0</u>

### Intelligent terminal products sales

During the Period, the Group focused on the development, production and sales of customised IoT smart terminals to customers. Benefiting from the recovery of economic activities, revenue from the intelligent terminal products sales business increased by approximately 52.2% to approximately RMB313.87 million (corresponding period of 2021: approximately RMB206.26 million), accounting for approximately 85.7% of the Group's total revenue.

During the Period, the Group's major customers included: (i) a technology company in Beijing mainly engaged in IoT business, to which the Group sold comprehensive transportation detection system, smart IC card, RFID label, RF digital transmission module, storage module, flow acquisition module, communication module, master control module, DIP module, voltage detection module, sound and light display module, active electronic tag communication module, active electronic tag antenna feeder module, active electronic tag master control module, etc.; (ii) a business consulting company in Shenzhen, to which the Group sold electronic tags and passive tags; (iii) a technology company in Sichuan providing drone-related services, to which the Group sold integrated circuits; (iv) a technology company in Jiangsu providing precision technology, to which the Group sold integrated circuits; and (v) a technology company in Guangzhou providing anti-counterfeiting technology, to which the Group sold integrated circuits.

## **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. The Group's revenue from the system integration business is derived from one-off projects with fluctuating revenue as compared to other segments. The Group's system integration business recorded a revenue of approximately RMB0.26 million for the Period (corresponding period of 2021: approximately RMB20,000) and accounting for 0.1% of the Group's total revenue.

During the Period, the Group's major customer included a telecommunication operator in Changzhou, to which the Group conducted overall planning and design and provided technical services and protection for its equipment procurement project system integration service project.

## **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. Affected by the decrease in demand for seasonal services, the Group recorded a revenue of approximately RMB46.16 million for the Period (corresponding period of 2021: approximately RMB54.92 million), representing a year-on-year decrease of approximately 16.0% and accounting for 12.6% of the Group's total revenue.

During the Period, the Group's major customers included: (i) a technology company in Beijing mainly engaged in IoT business, to which the Group developed card issuance sub-system, smart fire-fighting cloud platform and digital industrial park innovation service platform; (ii) a technology company in Beijing which processed and sold smart cards, to which the Group developed IoT RFID product inspection and testing system and AID system software; (iii) a company in Shenzhen engaged in the research and development and sales of software products, to which the Group developed operation management and maintenance support system projects; (iv) a company in Guangzhou engaged in the international export logistics and cross-border e-commerce foreign trade, to which the Group provided specialised development and technical services for its digital logistics management system; and (v) a business consulting and electronic products sales company in Shenzhen, to which the Group provided specialised development and technical services for its digital logistics management system.

## **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 maintained a steady growth during the Period, with a revenue of approximately RMB5.86 million (corresponding period of 2021: approximately RMB5.08 million), representing a year-on-year increase of approximately 15.4% and accounting for 1.6% of the Group's total revenue.

The Group's major customer during the Period 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, plain invoice 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**

The Group's revenue for the Period increased by 37.5% to approximately RMB366.15 million (corresponding period of 2021: approximately RMB266.28 million), which was mainly due to the significant growth in the revenue of intelligent terminal products sales business of the Group for the Period as benefited from the recovery of economic activities, representing a year-on-year increase of approximately 52.2%.

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

During the Period, the Group's gross profit increased by 14.2% to approximately RMB76.33 million (corresponding period of 2021: approximately RMB66.85 million), mainly benefited from the recovery of economic activities and the significant increase in the revenue of the Group's intelligent terminal products sales business during the Period, with a year-on-year increase of 52.2%. Gross profit margin decreased by 4.3 percentage points to 20.8% as compared with the corresponding period last year (corresponding period of 2021: 25.1%), mainly due to the increase in the revenue from the intelligent terminal products sales business, which has a relatively low gross profit margin, from 77.5% of the Group's total revenue for the corresponding period of 2021 to 85.7% for the Period.

## **Other income**

The Group's other income for the Period mainly included (i) interest income from bank deposits; (ii) rental income; (iii) government grants; and (iv) others. Other income increased by 2.4% to approximately RMB4.23 million for the Period (corresponding period of 2021: approximately RMB4.13 million), which maintained at a generally stable level.

## **Other losses, net**

The Group's other losses, net amounted to approximately RMB17.95 million for the Period (corresponding period of 2021: other gains, net of approximately RMB19.52 million). Such change was mainly due to (i) foreign exchange losses, net recorded for the Period while foreign exchange gain, net recorded for the corresponding period of 2021; and (ii) significant increase in loss on change in fair value of financial assets at fair value through profit or loss recorded for the Period when compared with the corresponding period of 2021.

## **Share of results of associates**

The Group's share of results of associates during the Period was primarily attributable to the investments mentioned in the section headed "Management Discussion and Analysis — Financial Review — Significant investment" in the Company's annual report for the year ended 31 March 2022.

## **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 Period included changes in ECLs during the Period for financial assets, such as trade receivables, other receivables and contract assets. During the Period, the impairment losses under ECL model, net of reversal amounted to approximately RMB2.65 million (corresponding period of 2021: approximately RMB2 million).

## **Distribution and selling expenses**

The Group's distribution and selling expenses maintained at a generally stable level, and recorded approximately RMB3.36 million for the Period (corresponding period of 2021: approximately RMB3.82 million).

### **Administrative expenses**

The Group's administrative expenses decreased by 25.6% to approximately RMB37.48 million for the Period (corresponding period of 2021: approximately RMB50.36 million), which was mainly due to the grant of share options by the Company on 16 July 2021 and 20 August 2021. 30% of the share options granted on 16 July 2021 vested immediately on the date of grant, and its expenses were recorded in the corresponding period of 2021, thus the share option expenses during the Period decreased significantly. Further details are set out in the announcements of the Company dated 16 July 2021 and 20 August 2021.

### **Finance costs**

The Group's finance costs decreased by 14.1% to approximately RMB9.08 million for the Period (corresponding period of 2021: approximately RMB10.57 million), which was mainly due to the convertible bonds of the Group in the aggregate principal amount of HK\$19,496,000 were converted into conversion shares during the Period (please refer to the section headed "Capital structure, liquidity and financial resources" below in this announcement for details), and upon conversion of the convertible bonds into conversion shares, the Company will not pay any interest to the holders of the convertible bonds, and therefore the relevant interest accrued earlier has been reversed. As only the convertible bonds with an aggregate principal amount of HK\$2,179,800 were converted into conversion shares during the corresponding period of 2021, coupled with the increase in the accumulated interest accrued on the convertible bonds during the Period as compared with the corresponding period of 2021, the interest on the convertible bonds reversed for the Period was significantly higher as compared with the corresponding period of 2021, thus resulting in a decrease in interest expenses for the Period.

### **Research and development expenses**

The Group's research and development expenses decreased by 61.0% to approximately RMB3.61 million for the Period (corresponding period of 2021: approximately RMB9.25 million), which was mainly due to the allocation of more related research and development expenses by IBO Communication to the projects it belongs to, which was included in intangible assets.

### **Income tax expenses**

The Group's income tax expenses decreased by 18.1% to approximately RMB7.35 million for the Period (corresponding period of 2021: approximately RMB8.97 million), which was mainly due to Weitu Group recorded a loss before tax and no income tax expense for the Period, while Weitu Group recorded a profit before tax in the corresponding period of 2021.

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

Based on the above factors, the Group's profit attributable to owners of the Company increased by 69.1% to approximately RMB7.39 million for the Period (corresponding period of 2021: approximately RMB4.37 million), which was mainly due to (i) the significant growth of the revenue and gross profit during the Period as driven by the substantial increase in the revenue from the intelligent terminal products sales business during the Period, as compared with the corresponding period of 2021; and (ii) the decrease in the Group's administrative expenses, finance costs, research and development expenses and income tax expenses during the Period as compared with the corresponding period of 2021.

## **Capital structure, liquidity and financial resources**

The Group has adopted a strict financial management policy, and its financial position remained sound. As at 30 September 2022, the Group's net current assets were approximately RMB453.00 million (31 March 2022: approximately RMB324.25 million).

As at 30 September 2022, the Group's bank balances and cash were approximately RMB39.87 million (31 March 2022: approximately RMB243.61 million), and pledged bank deposits were approximately RMB10.00 million (31 March 2022: nil). The current ratio (a ratio of current assets to current liabilities) was approximately 1.4 times (31 March 2022: approximately 1.4 times).

As at 30 September 2022, the Group's total bank and other borrowings were approximately RMB71.61 million (31 March 2022: approximately RMB33.44 million).

The Company issued bonds in the aggregate principal amount of HK\$35,550,000 for the Period (corresponding period of 2021: HK\$38,220,000). As at 30 September 2022, the outstanding aggregate principal amount of bonds of the Company was HK\$130,010,000 (31 March 2022: HK\$116,510,000). 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 5% to 9% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

During the Period, 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 the conversion rights attached to the convertible bonds with the principal amount of HK\$12,456,000 were exercised at the initial conversion price of HK\$1.73 per conversion share and converted into 7,200,000 conversion shares (with an aggregate nominal value of HK\$72,000). Up until now, the convertible bonds issued by the Company on 3 April 2019 and 10 July 2019 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 Period, 40,000,000 subscription shares were allotted and issued to Shine Well by the Company with total proceeds of HK\$60,000,000. For details, please refer to the section headed “Use of Net Proceeds from the Subscription of 100,000,000 Subscription Shares by a Connected Person under Specific Mandate” below in this announcement.

As at 30 September 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\$6.4032 million divided into 640,318,773 Shares of HK\$0.01 each.

### **Gearing ratio**

As at 30 September 2022, the Group’s gearing ratio (calculated by dividing total borrowings (including bank and other borrowings and bonds payables) by total equity) was approximately 24.2% (31 March 2022: approximately 24.4%, calculated by dividing total borrowings (including bank and other borrowings, bonds payables and convertible bonds) by total equity).

### **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 30 September 2022, the Group had no significant contingent liabilities (31 March 2022: Nil).

### **Pledge of the Group’s assets**

As at 30 September 2022, investment properties with an aggregate fair value of approximately RMB20,720,000 (31 March 2022: approximately RMB21,000,000) and trade receivables with carrying amount of approximately RMB88,239,000 (31 March 2022: approximately RMB9,000,000) have been pledged to the banks as security for the bank borrowings granted to the Group.

As at 30 September 2022, the Group’s listed securities of aggregate carrying amount of approximately RMB6,500,000 (31 March 2022: approximately RMB2,200,000) were pledged by the Group to secure a margin account payable.

## Material acquisition and disposal of subsidiaries and associates

### *Discloseable Transaction of the Acquisition of Time Lead*

On 21 April 2022, Successful Joy Holdings Limited (成悦控股有限公司) (“**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 the 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.

The completion of the Acquisition of Time Lead is subject to the fulfillment or waiver of the conditions precedent by 30 November 2022. As certain conditions precedent have not been fulfilled or waived by Successful Joy by 30 November 2022, the Acquisition of Time Lead will not proceed.

Further details are set out in the announcements of the Company dated 1 March 2022, 21 April 2022, 17 May 2022, 30 September 2022, 31 October 2022 and 30 November 2022.

***Entering into Investment Agreement with the People’s Government of Fucheng District, Mianyang City, Sichuan Province and the Discloseable Transaction of Formation of Joint Venture***

On 25 July 2022, in order to actively promote the “IBO Technology Intelligent Manufacturing Industrial Park Project\*” (艾伯科技智能製造產業園項目) (the “**IBO Technology Intelligent Manufacturing Industrial Park Project**”) to be launched in Fucheng District, Mianyang City, the People’s Government of Fucheng District, Mianyang City (“**Fucheng District People’s Government**”) pays high attention to the IBO Technology Intelligent Manufacturing Industrial Park Project, and has arranged several relevant departments to have various negotiations with the Company, Shenzhen IBO Holdings Company Limited\* (深圳市艾伯控股有限公司) (“**IBO Holdings**”), an indirect wholly-owned subsidiary of the Company, and Shenzhen IBO IT Application Innovation Company Limited\* (深圳市艾伯信創科技有限公司) (“**IBO IT Application Innovation**”) in details on the location, construction and business terms, etc., and has entered into a non-legally binding memorandum of understanding concerning the relevant matters on the IBO Technology Intelligent Manufacturing Industrial Park Project.

\* For identification purpose only

On 30 September 2022, IBO Holdings, IBO IT Application Innovation and Fucheng District People’s Government entered into the project investment agreements, pursuant to which the parties thereto conditionally agreed with the details of the cooperation and the corresponding rights and obligations in respect of the IBO Technology Intelligent Manufacturing Industrial Park Project. On the same day, IBO Holdings, IBO IT Application Innovation and Sichuan Fuchuang Development Group Limited\* (四川涪創發展集團有限公司) (“**Fuchuang Development**”) entered into the JV Investment Agreement, pursuant to which the parties thereto conditionally agreed to establish the Project Company to implement the IBO Technology Intelligent Manufacturing Industrial Park Project.

The Board believes that the IBO Technology Intelligent Manufacturing Industrial Park Project will benefit from the advanced development of innovative technology in Mianyang City, showing the trust of People’s Government of Fucheng District in the Group by launching preferential policies to support the Group’s ITAI industry, co-building the ITAI base, and accelerating the Group’s development in the ITAI industry. The PRC government has a keen demand for the ITAI products. The joint establishment of the Project Company with People’s Government of Fucheng District will bring great synergistic effects on promoting the sales of the ITAI products. The IBO Technology Intelligent Manufacturing Industrial Park Project also gathers upstream and downstream enterprises in the ITAI industry chain, resulting in a relatively complete industry chain, which can give full play to the strong synergistic effect of the industrial cluster as well as strengthen the Group’s research and development capabilities, improve the production capabilities with better control of costs, and enhance the competitiveness.

In addition, Fuchuang Development is a state-owned company with established business presence in Fucheng District, Mianyang City in Sichuan Province. It is expected that the Group will be able to leverage the resources and expertise of such joint venture partner and gain access to new business opportunities and further depth in its business development along the technology industry.

In order to speed up the process of the implementation of the IBO Technology Intelligent Manufacturing Industrial Park Project at the request of the joint venture partners, after further discussions, on 19 October 2022 (after trading hours), IBO Holdings entered into the supplemental agreement to the JV Investment Agreement with IBO IT Application Innovation, Fuchuang Development, Mianyang Zhigu Enterprise Incubation Management Co., Ltd.\* (綿陽智谷企業孵化管理有限公司) and Mianyang IBO Intelligence Company Limited\* (綿陽艾伯智能有限公司) as the Project Company, pursuant to which the parties thereto agreed to amend the terms of the JV Investment Agreement.

\* *For identification purpose only*

The Board considers that the investment agreements (as supplemented by the supplemental JV Investment Agreement) and the formation of the Project Company are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Further details are set out in the announcements of the Company dated 25 July 2022, 30 September 2022, 19 October 2022 and 28 October 2022.

### ***Material Disposal***

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

### ***Acquisition of 51.7321% of the Issued Share Capital of Bright Leap Involving Issue of Consideration Shares under 2018 General Mandate***

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 which was 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.

### **Significant investment**

The Group did not have any significant investment as at 30 September 2022 (including any investment in an investee company, which accounted for 5% or more of the Group’s total assets as at 30 September 2022).

### **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.

## Employee and remuneration policy

As at 30 September 2022, the Group employed a total of 205 employees (30 September 2021: 255 employees). For the Period, staff costs (including Directors' emolument) were approximately RMB32.79 million (corresponding period of 2021: approximately RMB42.60 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 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 30 September 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 30 September 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.

\* For identification purpose only

## MAJOR AWARDS AND CERTIFICATES

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

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/ Certified by
Credit Certificate	IBO Information was rated as Class AAAA (Year 2020) Guangdong Province Contract-abiding and Credit-worthy Enterprise	April 2022	Guangdong Provincial Market Association Credit Rating Committee
Telecommunications Equipment Network Access Trial Approval	According to the Regulations on Telecommunications of the PRC (《中華人民共和國電信條例》) and the relevant national regulations, upon the Ministry of Industry and Information Technology's review, IBO Communication's 5G mobile communication base station (Equipment Type: IBORU-I-26) was approved to be connected to the public telecommunications network for trial	6 April 2022 to 6 April 2023	Ministry of Industry and Information Technology of the PRC
Telecommunications Equipment Network Access Trial Approval	According to the Regulations on Telecommunications of the PRC (《中華人民共和國電信條例》) and the relevant national regulations, upon the Ministry of Industry and Information Technology's review, IBO Communication's 5G mobile communication base station (Equipment Type: IBORU-I-35) was approved to be connected to the public telecommunications network for trial	6 April 2022 to 6 April 2023	Ministry of Industry and Information Technology of the PRC
Trademark Registration Certificates	IBO Information was approved for use of goods/services items (International Classification: 38)  Class 38: Telephone communications; computer-assisted information and image transmission; electronic bulletin board services (communication services); computer terminal communications; provision of database access services; data stream transmission; rental of information transmission equipment; optical fiber communications; mobile communications; information transmission (cut-off)	7 April 2022 to 6 April 2032	National Intellectual Property Administration

<b>Accreditation &amp; Certificates</b>	<b>Details</b>	<b>Time of the grant/ Valid duration of the certificate</b>	<b>Accredited/ Certified by</b>
Certificate of Quality Management System Certificate	<p>It was thereby certified that the Quality Management System of IBO Information accords with the requirements of (GB/T19001-2016/ISO9001:2015)</p> <p>The scope of the certified Quality Management System is: Development of computer application software, communication equipment and monitoring software, computer information system integration services, network and computer system operation and maintenance services; design, installation and maintenance of security system within the scope of qualification of security technology protection system in Guangdong Province</p>	6 May 2022 to 26 March 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
System Integration Enterprise Capability Standard Compliance Certificate	IBO Information accords to the requirements of the system integration enterprise capability standard and achieved proficiency level 2	7 June 2022 to 6 June 2023	China System Integration Industry Association
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a computer hardware overheat protection device	17 June 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Electronics was granted a patent regarding a tablet with keyboard positioning structure	21 June 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Electronics was granted a patent regarding a vertical notebook computer cooling system	24 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a fixed distance dispensing device for notebook computer production and assembly	24 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a computer for network security education	28 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a computer noise reduction device	28 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding an easy-to-install solid state hard drive for computers	28 June 2022	National Intellectual Property Administration



<b>Accreditation &amp; Certificates</b>	<b>Details</b>	<b>Time of the grant/ Valid duration of the certificate</b>	<b>Accredited/ Certified by</b>
Certificate of Invention Patent	IBO Electronics was granted a patent regarding an auxiliary equipment for computer manufacturing that auto-control the amount of glue according to the temperature of the environment	1 July 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a tablet monitor high temperature resistance testing device	1 July 2022	National Intellectual Property Administration
Corporate Social Responsibility Management System Certificate	IBO Communication's Corporate Social Responsibility Management System accords with SA8000:2014 standard coverage: research and development, production and sales of wireless base station products, communication base station RF modules, and base station remote system (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system	12 July 2022 to 4 July 2023	Zhongqiu Lianhe International Certification (Beijing) Co., Ltd.
Radio Transmission Equipment Type Approval Certificate	In accordance with the provisions on the Radio Regulations of the PRC, IBO Communication's 5G repeater (Equipment Type: IBOSFLY), after examination, conforms to the provisions with its CMIIT ID: 2021CP10133	21 July 2022 to 30 July 2023	Ministry of Industry and Information Technology of the PRC
Radio Transmission Equipment Type Approval Certificate	In accordance with the provisions on the Radio Regulations of the PRC, IBO Communication's 5G repeater (Equipment Type: IBOSFYP26), after examination, conforms to the provisions with its CMIIT ID: 2021CP10088	21 July 2022 to 30 July 2023	Ministry of Industry and Information Technology of the PRC
Radio Transmission Equipment Type Approval Certificate	In accordance with the provisions on the Radio Regulations of the PRC, IBO Communication's 5G repeater (Equipment Type: IBOSFYP35), after examination, conforms to the provisions with its CMIIT ID: 2021CP10094	21 July 2022 to 30 July 2023	Ministry of Industry and Information Technology of the PRC
Enterprise Credit Rating Certificate	IBO Information was assigned to *AAA* grade in credit rating	29 July 2022 to 28 July 2023	Shenzhen Nanfang Credit Rating Co., Ltd.



<b>Accreditation &amp; Certificates</b>	<b>Details</b>	<b>Time of the grant/ Valid duration of the certificate</b>	<b>Accredited/ Certified by</b>
Certificate of Quality Management System	<p>It was thereby certified that the Quality Management System of IBO Communication accords with the requirements of (GB/T19001-2016/ISO9001:2015)</p> <p>The scope of the certified Quality Management System is: research and development, production and sales of wireless base station products, communication base station radio frequency modules, and remote base station systems (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system</p>	3 August 2022 to 2 August 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
Certificate of Environmental Management System	<p>It was thereby certified that the Environment Management System of IBO Communication accords with the requirements of (GB/T24001-2016/ISO14001:2015)</p> <p>The scope of the certified Environment Management System is: research and development, production and sales of wireless base station products, communication base station radio frequency modules, and remote base station systems (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system and related management activities</p>	3 August 2022 to 2 August 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
Occupational Health and Safety Management System Certificate	<p>It was thereby certified that the Occupational Health and Safety Management System of IBO Communication accords with the requirements of (GB/T45001-2020/ISO45001:2018)</p> <p>The scope of the certified Occupational Health and Safety Management System is: research and development, production and sales of wireless base station products, communication base station radio frequency modules, and remote base station systems (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system and related management activities</p>	3 August 2022 to 2 August 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
Computer Software Copyright Registration Certificate	Original acquisition of full rights of 5G Cloud Core Network Management System Software V1.0 by IBO Communication	16 August 2022	National Copyright Administration of the PRC

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

### **Winning the Bidding 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 bidding of 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 amount 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.

## **BUSINESS OUTLOOK AND STRATEGIES**

### **Seizing the development opportunities of ITAI to accelerate the application implementation**

In recent years, driven by a series of factors such as instability in the international environment and the recurrence of the pandemic, the importance of IT infrastructure localisation has been unprecedentedly enhanced, and ITAI is expected to become the core driving force for the rapid development of domestic software and hardware in the future. As the crucial year of the “14th Five-Year Plan”, in 2022, the central and local governments have focused on developing “digital economy”, creating “digital government”, and building “national informatisation”, with various local governments explicitly requested the active building of ITAI products and ITAI software industrial ecosystems during the “14th Five-Year Plan Period”. In the next three years, the construction of the state-owned ITAT, industry ITAI and state-owned enterprise ITAI is expected to accelerate comprehensively, and the market expects that the scale of the ITAI industry will exceed RMB2 trillion in 2025.

At present, the PRC’s ITAI ecosystem has entered into a stage of rapid development. In October 2022, the General Office of the State Council of the PRC issued the “Guidelines for the Building of a National Integrated Government Big Data System” (《全國一體化政務大數據體系建設指南》), which focuses on putting forward integration tasks from eight aspects, including digital resources, data services and computing facilities. The building of the national integrated government big data system will enhance the independent control of the national digital base, and the ITAI industry is expected to benefit in the long run. Driven by the benefits from the policies, the Group actively cooperated with the favourable policies, leveraged its own technological advantages, accelerated the development of IT infrastructure hardware services such as the localisation of notebook computers and mobile terminals, and researched, developed, and mass produced a series of ITAI electronic terminal products with technological advantages. Riding on the favourable policies, the Group has actively researched and developed more ITAI products, and with the relevant products gradually shipped, the ITAI business will gradually enter into the harvest period.

\* For identification purpose only

In response to the rapidly rising demand in the market, the Group will cooperate with the People's Government of Fucheng District to develop the IBO Technology Intelligent Manufacturing Industrial Park Project. Through recruiting upstream and downstream enterprises in the ITAI industry chain, the Group will build a "closed-loop" ecosystem of the ITAI industry, so as to strengthen the supply chain synergy, production and manufacturing synergy, and technology synergy of upstream and downstream enterprises. IBO Technology's Intelligent Manufacturing ITAI Industrial Base will improve the Group's production capacity, build strong product delivery capabilities, and optimise cost management, which will help the Group continue to vigorously promote the development of the localisation of the ITAI industry and product research and development, accelerate the implementation of products, in order to meet the strong demand for ITAI products from the market and the government. The IBO Technology Intelligent Manufacturing Industrial Park Project marks a significant milestone for the Group since its entry into the ITAI industry in 2020, as a sign that the domestically-produced products designed and developed by the Group have been widely recognised by the government and the market. The IBO Technology Intelligent Manufacturing Industrial Park Project will help the Group continue to vigorously promote the development of the localisation of the ITAI industry and product research and development, accelerate the implementation of products, and help the Group actively grasp the market gap and unprecedented market opportunities.

As a landmark pioneer technology in the new round of information revolution, quantum computing has become a strategic high ground in the world to seize all-round advantages in security, economy, scientific research and other fields. In November 2022, the Group announced that it entered into a cooperation agreement with Shenzhen SpinQ Technology Co., Ltd. in respect of quantum computing cloud platform development project. Centring on the practical applications of quantum computing products and technologies in cloud computing, big data, and other areas by enterprises engaged in areas such as digital government, scientific research institutes, education, finance, and biopharmaceuticals, the parties pursue cooperation on the development project of localised quantum computing cloud platforms. The parties have determined to form a strategic sustainability partnership and both demonstrate complementary technological and marketing prowess, and further integrate their respective advantageous resources, increase customer values, and achieve mutually beneficial cooperation. Leveraging on the technical advantages over quantum computing systems and application ecosystems of Shenzhen SpinQ Technology Co., Ltd., the Group is expected to enter the quantum computing industry through this cooperation.

In addition, the Group will continue to increase its marketing efforts, actively participate in the bidding and tendering of public and private sector projects, focus on the deployment of power, finance, telecommunication, education and other pioneering sectors where the ITAI products and projects are applied, and strive to gain more market shares.

### **5G development empowering the construction of digital economy**

With the rapid deployment of 5G networks at the national level, the 5G industry has entered the path of rapid development, providing solid support for high-quality economic development. 5G technology will empower all industries, form a 5G ecosystem with cross-industry integration, and accelerate the digital transformation of thousands of industries. According to the data from the China Academy of Information and Communications Technology, the PRC's investment in 5G network construction is expected to reach RMB1.2 trillion in 2025, which will drive relevant investment to exceed RMB3.5 trillion, and form a trillion-level market for 5G-related products and services.

At present, the Group has obtained the Network Access Licence for Telecommunications Equipment issued by the Ministry of Industry and Information Technology of the PRC, which covers the 5G frequency band of the three major operators, namely China Mobile, China Telecom and China Unicom, and is one of the few enterprises in the market that have obtained the 5G pico base station Network Access Licence, giving it the pioneer advantages. 5G empowers industry, medical care, education, transportation and many other sectors, covering most industries of the national economy. Benefiting from the strong market demand and industry gaps, the Group's 5G products such as pico base stations and DAS system products and 5G private network solutions business will have a considerable development in the next two to three years.

Meanwhile, the Group has been working closely with various large state-owned enterprises and private enterprises on various projects. During the Period, the Group successfully won the bidding for 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. 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. Looking forward, the Group will continue to strengthen its research and development capabilities. Leveraging on its solid foundation in the industry and the synergies with its cooperative enterprises in technology, supply chain and market, the Group will actively participate in the bidding and tendering of more public and private sector projects, to achieve close cooperation with customers in various industries and jointly explore a new empowerment model in the digital economy era.

\* For identification purpose only

### **Actively identify merger and acquisition targets**

In the future, the Group will actively identify suitable merger and acquisition targets that can create strong synergies with its existing principal business to support the Group's operation and rapid development. At the same time, the Group will strive to strengthen the synergy effect of its principal businesses, so as to promote the consolidation and improvement of the Group's business industry chain.

### **Synergistic advantages of three major businesses to build a moat**

Leveraging on the close connection and synergy among the three major business segments, namely 5G, ITAI and IoT in the aspects of underlying technology, application technology, supply chain, project and business model, the Group will strive to seize the golden opportunities in the market, further strengthen and expand its own business, promote the healthy development of its business through multiple channels, continue to pursue breakthroughs, research and develop and launch more high-quality new products and services, so as to create better results and make positive contributions to the development of 5G and ITAI industries in the PRC.

The IBO Technology Intelligent Manufacturing Industrial Park Project will be a key project to promote the Group's future development, and will assist in leveraging the advantages of a complete industry chain and strong synergy effect to improve the overall competitiveness, so as to focus on responding to the strong market demand, capture the development potential of the "trillion-RMB market" of the localisation of ITAI, and strive for higher returns for the investors and Shareholders.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Grant of Share Options under the Share Option Scheme**

On 28 October 2022, 54,000,000 share options were granted to eligible employees of the Group pursuant to the Share Option Scheme, further details of which are set out in the announcement of the Company dated 28 October 2022.

### **Entering into Cooperation Agreement in respect of Quantum Computing Cloud Platform Development Project with Shenzhen SpinQ Technology Co., Ltd.**

On 10 November 2022, IBO Holdings and Shenzhen SpinQ Technology Co., Ltd. entered into a cooperation agreement in respect of quantum computing cloud platform development project under the main cooperative principle of "supplementing resources and pursuing professional division of labour based on equality, integrity, and mutual benefits". The parties have agreed to establish close cooperation to fully utilise the strength of each party based on the advantages and resources of their respective

platforms, which will advance the business development and product line extension. Subject to amicable practices and mutually beneficial negotiations, the parties will pair up to address possible issues arising from their cooperation.

Symbolising a landmark pioneering technology to advance a new information revolution, quantum computing has become a strategic vantage point for governments across the world to strive for all-round advantages in military, security, economy, scientific research, and other areas. The parties have agreed that they both demonstrate complementary technological and marketing prowess, as they are both active players in the computer design and manufacturing sector. To facilitate the business development of the parties, the parties will continue to integrate their respective advantageous resources, increase customer values, and achieve mutually beneficial cooperation. Following negotiations, the parties have determined to form strategic sustainability partnership by entering into the cooperation agreement accordingly.

Further details are set out in the announcement of the Company dated 10 November 2022.

### **Entering Into Strategic Cooperation Agreement with SDXC Shenzhen**

On 30 November 2022, the Company and SDXC Shenzhen entered into a strategic cooperation agreement with the principle of “equality, honesty, mutual benefit, complementary resources and specification of work”. The parties agreed to establish a close cooperative relationship leveraged on their respective platform advantages and resources, and fully utilise their respective advantages to jointly promote the business development and line extension of the parties. The parties will work together and solve the problems that may arise in the course of cooperation based on the principles of friendliness, pragmatism and mutual benefits.

With the Group’s resources, it intends to make all-round and key investment in the research and development, production and sale of domestically-produced notebook computer, tablet, integrated computer, high-integration desktop computer, industry gateway server and other related ITAI products. In order to achieve complementary advantages, resource sharing and technological innovation, the parties unanimously agreed to establish a long-term and stable strategic partnership and carry out all-round strategic cooperation in the ITAI industry after friendly negotiation. The strategic cooperation agreement is entered into for the parties to comply with.

Further details are set out in the announcement of the Company dated 30 November 2022.



## **USE OF NET PROCEEDS**

### **Use of Net Proceeds from the Subscription of 100,000,000 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 are 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\$149,000,000 (after deducting all relevant expenses), therefore the net subscription 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 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.

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

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\$74,500,000 (equivalent to approximately RMB62,200,000), 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. As all the conditions precedent to the Second Stage Subscription have been fulfilled and



Shine Well has completed the financial arrangements in relation to the Second Stage Subscription, on 18 February 2022 and 29 April 2022, the Company allotted and issued 10,000,000 and 40,000,000 subscription shares with an aggregate nominal value of HK\$100,000 and HK\$400,000 to Shine Well respectively at the subscription price of HK\$1.5 per subscription share under the specific mandate, and completed the Second Stage Subscription with total proceeds of HK\$15,000,000 and HK\$60,000,000 respectively. The net proceeds from the Second Stage Subscription (after deducting all relevant expenses) amounted to approximately HK\$74,500,000 (equivalent to approximately RMB62,400,000) and the net issue price per subscription share (after deducting all relevant expenses) was approximately HK\$1.49.

Further details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020, 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 30 September 2022, the Group has used a total of approximately RMB99.30 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 the summary of use of the net proceeds:

	Original allocation of net proceeds from subscription of 100,000,000 subscription shares (Note 1)		Actually utilised amount as of 30 September 2022	Unutilised amount as of 30 September 2022
	%	RMB million	RMB million	RMB million
I4 Project and ITAI products	77.8	97.0	71.7 (Note 2)	25.3 (Notes 3, 4)
Additional working capital and other general corporate purposes	14.8	18.4	18.4	–
FSM Project	3.4	4.2	4.2	–
Other projects, including but not limited to the MS Project	4.0	5.0	5.0	–
	<u>100.0</u>	<u>124.6</u>	<u>99.3</u>	<u>25.3</u>

*Notes:*

1. The actual amount is less than that in the section headed “(I) THE SUBSCRIPTION — Use of Proceeds” in the letter from the Board in the circular of the Company dated 25 April 2019. This is due to the fluctuation of the exchange rate. The original allocation of the net proceeds was adjusted in the proportion set out in the circular of the Company dated 25 April 2019.
2. As stated in the circular of the Company dated 25 April 2019, the 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 the First Stage Subscription was extended from a date falling on or before 30 September 2020 (as originally scheduled) to 3 February 2021; and (ii) the completion date of the Second Stage Subscription has been postponed from the original date of 30 September 2021 to 29 April 2022, thus the progress of the use of proceeds was affected. I4 Project primarily engages in foreign trading business, and as the relationship between the United States and the PRC was unstable, the Group would like to shift its focus to the PRC market, and therefore invested part of the net proceeds in ITAI products similar to the I4 Project to develop the PRC market. 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.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Board (the “**Audit Committee**”) includes three independent non-executive Directors, namely Mr. Hung Muk Ming (Chairman), Dr. He Tianxiang and Dr. Wong Kwok Yan. The Company’s unaudited interim results for the Period have been reviewed by the Audit Committee. The Audit Committee considers that the Company has complied with the applicable accounting standards and requirements and has made appropriate disclosure.

## **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 Period. 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 Period.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the Period (for the six months ended 30 September 2021: nil).

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

This announcement is published on the Company's website ([www.ibotech.hk](http://www.ibotech.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

## **APPRECIATION**

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

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	The board of Directors
“BVI”	the British Virgin Islands
“Company”, “IBO” or “IBO Technology”	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
“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

\* For identification purpose only

“IoT”	Internet of Things
“JV Investment Agreement”	the joint venture investment agreement dated 30 September 2022 entered into among Fuchuang Development, IBO Holdings and IBO IT Application Innovation, in relation to the arrangements for the establishment of the Project Company
“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
“Mr. Lai”	Mr. Lai Tse Ming, chairman of the Board, an executive Director and single largest substantial Shareholder
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region
“Project Company”	Mianyang IBO Intelligence Company Limited* (綿陽艾伯智能有限公司), the project company incorporated in Fucheng District with independent legal entity pursuant to the terms of the investment agreements, which is jointly owned by IBO Holdings, IBO IT Application Innovation and Mianyang Zhigu Enterprise Incubation Management Co., Ltd.* (綿陽智谷企業孵化管理有限公司) as to 7%, 63% and 30%, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“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

\* For identification purpose only

“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
“Shine Well”	Shine Well Holdings Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Lai
“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 November 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