

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



INTERIM REPORT
2017

CORPORATE PROFILE

IBO Technology Company Limited (Stock code: 2708) is a National High and New Technology Enterprise that focuses on providing comprehensive Internet of Things ("IoT") intelligent terminal product applications and solutions services in the People's Republic of China ("PRC"). Established in April 2000, the Group offers customised products, applications and solutions made according to customers' specifications. The Group's businesses can be categorised into four segments, including (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services. The Group's major customers include governmental authorities, state-owned enterprises and private enterprises in the PRC. Leveraging its extensive experience in IoT technologies, applications and solutions accumulated over 10 years and its growing success in the area of city public safety management during recent years, the Group targets to expand its businesses into different sectors of the PRC "Smart City" market. "Smart City" is the materialising intelligent management and operation of cities via new generation information technologies such as IoT, cloud computing and big data for more convenient life of the people and encouraging the sustainable development of cities.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Tse Ming (*Chairman*)
Mr. Gao Weilong (*Chief Executive Officer*)
Mr. Teng Feng
Mr. Yu Kin Keung
Mr. Lyu Huiheng

Independent Non-executive Directors

Dr. He Tianxiang
Dr. Wong Kwok Yan
Mr. Hung Muk Ming

BOARD OF COMMITTEES

Audit Committee

Mr. Hung Muk Ming (*Chairman*)
Dr. He Tianxiang
Dr. Wong Kwok Yan

Remuneration Committee

Dr. Wong Kwok Yan (*Chairman*)
Mr. Gao Weilong
Dr. He Tianxiang

Nomination Committee

Mr. Lai Tse Ming (*Chairman*)
Dr. Wong Kwok Yan
Mr. Hung Muk Ming

COMPANY SECRETARY

Mr. Pang Chun Yip (*HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Lai Tse Ming
Mr. Yu Kin Keung

PRINCIPAL BANKS

China Guangfa Bank
Baosheng County Bank

COMPLIANCE ADVISER

Innovax Capital Limited
Room 2002, 20/F
Chinachem Century Tower
178 Gloucester Road, Wanchai
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

4/F, Block C, Unis Inforport
Langshan Rd 13
Hi-Tech Industrial Park (North) Nanshan
Shenzhen, PRC

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Argyle Centre Phase I
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Mong Kok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
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Grand Cayman, KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
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Wan Chai, Hong Kong

COMPANY WEBSITE

www.ibotech.hk

STOCK CODE

2708

CONTACT INFORMATION

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Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of IBO Technology Company Limited (the "Company"), I am pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2017 (the "Period"), together with the unaudited figures for the corresponding period in 2016. I am also very delighted to witness the successful listing (the "Listing") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 December 2017 (the "Listing Date"), marking an important milestone in the development of the Group. The Listing also represents the wider recognition of the Group's market position in the IoT industry in China as well as the Group's business and technology strengths.

Established in April 2000, the Group provides comprehensive, integrated and highly customisable range of IoT services to its customers covering (i) provision of comprehensive and tailor-made solutions applying IoT and related technologies; (ii) development, production and sales of independently designed customisable IoT intelligent terminal products; (iii) provision of customised software development services; and (iv) provision of information systems software and hardware maintenance services. The Group's businesses can be largely categorised into four operating segments, namely (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services. Leveraging on its extensive experience in IoT technologies, application and solutions accumulated over 10 years and its growing success in the area of city public safety management in recent years, the Group is also planning to expand its businesses into different sectors of the "Smart City" market of the PRC.

The Listing in Hong Kong is truly a major milestone in the Group's development history and also presents new opportunities for the future development of the Group. The Company will optimally utilise the proceeds raised from the Listing to accelerate its development and implement its business strategies as stated in the prospectus of the Company dated 14 December 2017 (the "Prospectus"). As mentioned in the Prospectus, the Group plans to actively expand its businesses through extending the application of its technologies into different sectors of the "Smart City" market. The Group also intends to selectively invest in or enter into strategic partnerships with other industry players (i) vertically up and down the IoT value chain; and/or (ii) horizontally in related industries to further broaden its collective expertise, resources and comprehensive servicing abilities. The Group will further enhance its research and development (the "R&D") capabilities, in technologies (including but not limited to driver and vehicle identification, face detection and digital monitoring of gas cylinders, and improvement in the quality of its products and services) and also expect to recruit new personnel for its software and hardware R&D teams and to upgrade its R&D hardware equipment and software.

Lastly, on behalf of the Board and the management, I wish to extend my sincere appreciation to all staff of the Group for their tireless dedication during the Period under review, and to also express my thanks to all shareholders, investors, customers, suppliers and business partners for their ongoing support to the Group.

Mr. Lai Tse Ming

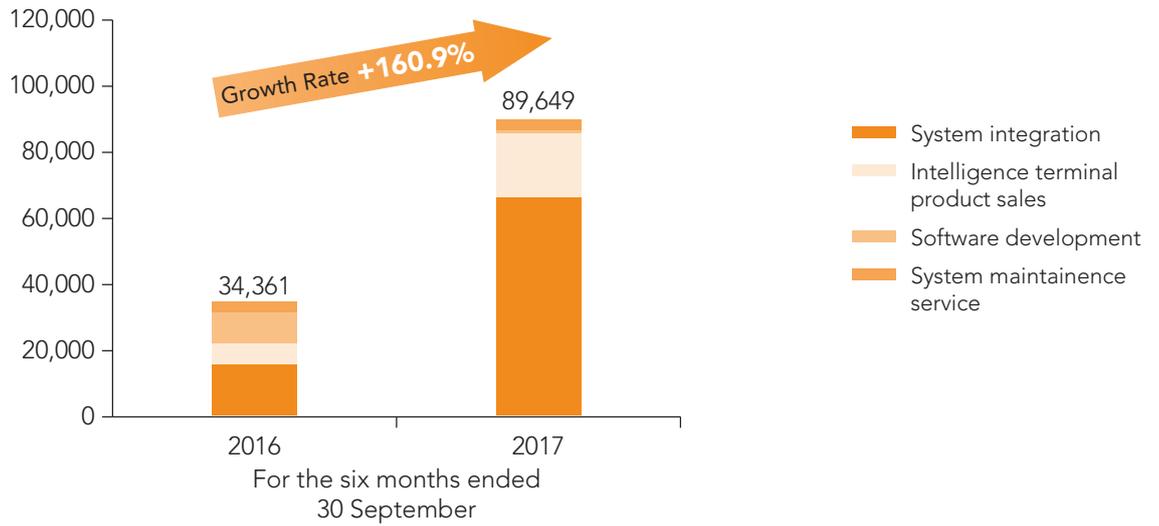
Chairman & Executive Director

Hong Kong, 15 January 2018

Financial Highlights

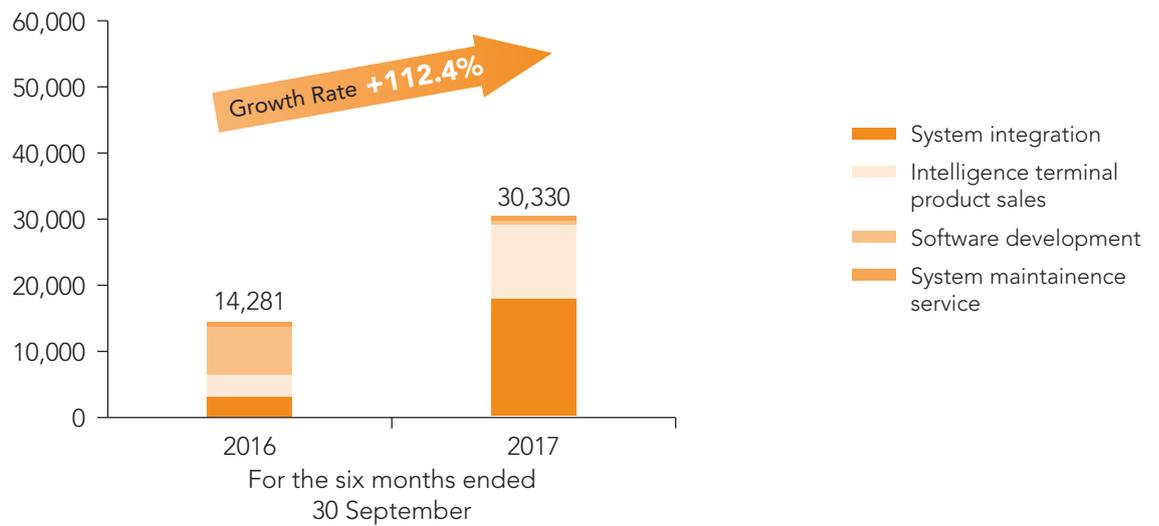
Revenue by Business Segment

RMB'000



Gross Profit by Business Segment

RMB'000



Management Discussion and Analysis

BUSINESS REVIEW

IBO Technology Company Limited is a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing comprehensive IoT intelligent terminal product applications and solutions services in the PRC. The Group's businesses can be categorised into four segments, namely (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services. The customers of the Group are primarily based in the PRC, coming from both the public and private sectors in the PRC, such as governmental authorities, large-scale state-owned enterprises and private enterprises.

Revenue breakdown by business segment:

	Six-month period ended 30 September 2017 (Unaudited)		Six-month period ended 30 September 2016 (Unaudited)	
	RMB'000	%	RMB'000	%
System integration	65,901	73.5	15,176	44.2
Intelligent terminal products sales	19,367	21.6	6,591	19.2
Software development	761	0.8	9,290	27.0
System maintenance services	3,620	4.1	3,304	9.6
Total	89,649	100.0	34,361	100.0

System Integration

System integration has been a principal business of the Group. It recorded a revenue of approximately RMB65.9 million during the Period, representing an increase of 334.2% compared with the corresponding period last year, accounting for 73.5% of the Group's total revenue. The Group provides comprehensive and tailor-made solutions applying IoT and related technologies based on analysis and assessment on its customers' needs, to satisfy their business operational and management requirements. The Group provides project coordination, management and system installation services covering overall system planning, development and design, procurement of system equipment, integration of software and hardware devices forming the system, system implementation, trial operation and system management and maintenance.

The Group's representative projects include (i) an intelligent traffic control system designed to help improve the efficiency, control and safety of road traffic systems of the region; and (ii) a project of fiber optic networks which involve the construction and installation of the fiber optic networks with a view to expedite the development process of "Smart City".

Management Discussion and Analysis

Intelligent Terminal Products Sales

The Group develops, produces and sells customisable IoT intelligent terminal products to its customers. During the Period, revenue of this segment increased by 193.8% year-on-year to approximately RMB19.4 million, accounting for 21.6% of the Group's total revenue. According to an independent research report prepared by Frost & Sullivan as disclosed in the Prospectus, the Group has ranked as one of the top five active radio-frequency identification ("RFID") device providers in the PRC in terms of sales revenue for the year commencing from 1 April 2016 and up to 31 March 2017. The Group specialises in the design and development of active RFID tags, RFID sensory devices, RFID reading devices, RFID mobile reading terminal devices, etc. The Group's representative intelligent terminal products include a hand-held explosion-proof mobile RFID smart reading integrator, which can read RFID tags and transmit the relevant data to the system and is suitable for explosive and hazardous areas. In addition, the Group provides self-developed intelligent terminal products to its customers according to their specifications.

Software Development

During the Period, the revenue of customised software application development services has decreased by 91.8% year-on-year to approximately RMB0.7 million, accounting for 0.8% of the Group's total revenue. In line with the customer's business and management requirements, the Group plans and designs the software system framework and functions list for its customers. The Group's representative project was an intelligent assets management platform, which improves assets management through analysing, processing and gathering data information.

System Maintenance Services

Revenue of system maintenance services has increased by 9.6% year-on-year to approximately RMB3.6 million during the Period, accounting for 4.1% of the Group's total revenue. The Group provides system maintenance services for both the software and hardware of information systems encompassing maintenance and management for system devices, database maintenance, daily monitoring on the systems and system upgrades. The Group's representative projects include the provision of information systems maintenance services for a PRC state-owned petroleum company. The Group is responsible for maintaining the smooth operations of an IC card system which processes the tremendous amount of daily transactions across more than 2,000 gas stations in Guangdong, the PRC, as well as the convenience store management system, such as the maintenance of point of sale (POS) terminals, consumption POS machines, operating systems, database systems and related software.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue increased significantly by 160.5% to approximately RMB89.6 million for the six months ended 30 September 2017 as compared with corresponding period of last year (corresponding period of 2016: approximately RMB34.4 million), mainly attributed by the significant growth in revenue of system integration segment, including revenue derived from an intelligent traffic control project (the "Intelligent Traffic Control Project") regarding the construction of an intelligent traffic control system in Ürümqi, Xinjiang, the PRC and a new system integration project regarding the construction and installation of fiber optical networks in Beijing, the PRC.

Gross profit

The Group's gross profit increased significantly by 111.9% to approximately RMB30.3 million for the Period (corresponding period of 2016: approximately RMB14.3 million). The increase in gross profit was mainly attributable to the increase in revenue contributed by the Intelligent Traffic Control Project and the project regarding the construction and installation of fiber optical networks in Beijing and the increase in gross profit of system integration project. The gross profit margin decreased by 7.7 percentage points to 33.8% as compared with corresponding period of last year, mainly due to larger scale of the Intelligent Traffic Control Project and the decrease in the number of software development projects during the Period.

Other income

The Group's other income mainly included (i) interest income from bank deposits; (ii) interest income from a Director; (iii) rental income; (iv) government grants; and (v) commission income. Other income decreased by 28.6% to approximately RMB1.0 million for the Period (corresponding period of 2016: approximately RMB1.4 million). Such change was mainly caused by the decrease in interest income from amount due from a Director of approximately RMB0.9 million due to the full settlement of outstanding interest-bearing amount due from a Director before the start of the Period.

Other gains and losses

The Group's other gains and losses mainly comprised of net exchange differences with other gains of approximately RMB0.4 million for the Period (corresponding period of 2016: loss of approximately RMB0.7 million), due to the movement of exchange rate of RMB during the Period.

Management Discussion and Analysis

Distribution and selling expenses

The Group's distribution and selling expenses increased by 20% to approximately RMB0.6 million for the Period (corresponding period of 2016: approximately RMB0.5 million) mainly due to the increase in staff salaries and welfare benefits as a result of the increased headcount of sales personnel to support the robust business growth in the Period.

Administrative expenses

The Group's administrative expenses increased by 37.5% to approximately RMB5.5 million for the Period (corresponding period of 2016: approximately RMB4.0 million), mainly due to the increase in staff salaries and welfare benefits of approximately RMB0.3 million caused by the increase in number of administrative staff and the increase in rental expense of approximately RMB0.6 million caused by the lease of new Xinjiang office for IBO Shenzhen (XJ) since October 2016.

Finance costs

The Group's finance costs decreased by 25.0% to approximately RMB1.2 million for the Period (corresponding period of 2016: approximately RMB1.6 million), due to the decrease in average outstanding bank borrowings due to repayment of part of the bank borrowings.

Research and development expenses

The Group's research and development expenses increased by 533.3% to approximately RMB1.9 million for the Period (corresponding period of 2016: approximately RMB0.3 million), which was mainly due to more focus was placed on the research and development to further broaden the Group's collective expertise and resources.

Listing expenses

The Group had recognised approximately RMB8.4 million of listing expenses for the six months ended 30 September 2017 while only approximately RMB4.1 million listing expense was recognised for the six months ended 30 September 2016.

Income tax expense

The Group's income tax expense increased by 122.7% to approximately RMB4.4 million for the Period, mainly as a result of the Group's increased profit before taxation. The Group's effective tax rate decreased by 13.5 percentage points to approximately 30.7% which was mainly due to the increase in tax effect of expenses not deductible for tax purposes (mainly including listing expenses).

Profit and total comprehensive income and net profit margin for the period

As a result of the foregoing, the Group's profit and total comprehensive income increased by 296.0% to approximately RMB9.9 million for the six months ended 30 September 2017 (corresponding period of 2016: approximately RMB2.5 million). The Group's net profit margin increased by 3.8 percentage points to approximately 11.0% (corresponding period of 2016: 7.2%), which was mainly due to the decrease in gross profit margin and the increase in listing expenses incurred of approximately RMB4.3 million for the six months ended 30 September 2017 compared with corresponding period of last year.

Management Discussion and Analysis

Liquidity and Financial Resources

The Group adopted strict financial management policy, and its financial position remained sound. As at 30 September 2017, the Group's net current assets were approximately RMB56.9 million (2016: approximately RMB47.0 million).

As at 30 September 2017, the Group's bank balance and cash was approximately RMB36.5 million (2016: approximately RMB31.6 million). The current ratio (current assets to current liabilities) was approximately 1.5 times (2016: approximately 1.6 times).

Capital structure

As at 30 September 2017, the Group's total bank borrowings was approximately RMB35.0 million (2016: approximately RMB35.6 million). The details of the share capital of the Company are set out in note 16 to the notes to the interim financial information.

Gearing ratio

The gearing ratio (total assets to total liabilities) was approximately 1.7 times (2016: approximately 1.8 times).

Capital Expenditure

For the Period, capital expenditure decreased by 66.7% to approximately RMB0.1 million (corresponding period of 2016: approximately RMB0.3 million), which mainly represented purchase of office equipment.

Capital Commitment

As at 30 September 2017, the Group did not have any significant capital commitment.

Currency Risk

The Group had exposure to fluctuations in exchange rates which some monetary assets and monetary liabilities that are denominated in currencies other than functional currency. The Group currently does not have a foreign currency hedging policy. However, the Directors will monitor foreign exchange exposure closely and consider to use hedging instruments when the need arises.

Contingent Liabilities

As at 30 September 2017, the Group did not have any material contingent liabilities.

Pledge of Group's Assets

As at 30 September 2017, all of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

Management Discussion and Analysis

Employee and Remuneration Policy

As at 30 September 2017, the Group employed a total of 147 employees (corresponding period of 2016: 144 employees). For the Period, staff costs (including Directors' emolument) was approximately RMB6.9 million (corresponding period of 2016: approximately RMB5.9 million). 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 intends to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of the Group's remuneration committee.

PROSPECTS

Given the "Made in China 2025" initiative, promotion of "Internet+", "Innovation and Entrepreneurship" and other favourable policies promulgated by the PRC government, the IoT applications and "Smart City" projects present significant growth potential in China in recent years. Capitalising on the experience in the application of the IoT technology, system integration and system maintenance, the Group is committed to extending to other areas in the "Smart City" market. Looking forward, the Group plans to actively participate in the "Smart City" market in the PRC and strive to become the leading integrated IoT intelligence terminal product application and solution services provider in the "Smart City" market.

The Group is dedicated to equipping itself through the following measures, in order to grasp future market opportunities.

To enhance R&D capabilities and improve quality of services and products

The Group believes that R&D is crucial to its success. It will continue to enhance the independent R&D capabilities to consolidate its existing technological strengths. Apart from the proposed upgrade of the core technology and products, the Group will also promote technology advancements, which include technology and products relating to active RFID equipment and IoT application in digital monitoring of gas cylinders; develop more diverse IoT intelligence equipment in various sectors in city public safety management or in other sectors of the "Smart City" market, such as hazards supervision, digital vehicle and driver identification, food safety tracking and intelligence parking; develop new core technology for enhancing the system maintenance capabilities of the Group; apply R&D achievements in cloud computing, IoT and big data to provide more integrated solutions for "Smart City".

To further develop the areas of city public safety management

Currently, the Group mainly engages in the hazards supervision and safe production supervision businesses in the area of city public safety management. The successful development and implementation of the digital monitoring of gas cylinders have demonstrated its sound and solid foundation in the field of hazards supervision. The Group intends to carry out in-depth development and enhancement of IoT application in the area of city public safety management, which is expected to boost market awareness and brand recognition, thereby establishing dominance in terms of IoT application in the entire sector.

Management Discussion and Analysis

To actively expand to various sectors of the “Smart City” market

Capitalising on the experience in IoT application and system integration and system maintenance, the Group plans to extend to other sectors in the “Smart City” market, including the smart transport, smart education and smart healthcare segments where suitable opportunities arise. The Group targets to commence strategic cooperation with large-scale IT companies in development and construction of “Smart City” projects.

To explore different forms of PPP cooperation

The Group will undertake state-funded projects and seek business opportunities through exploring different forms of cooperation with the private sector and government entities, such as the Public-Private-Partnership (“PPP”) model. The PPP model is the model of cooperation predominantly adopted in “Smart City” initiatives led by the PRC government, whereby the local government cooperates with selected social investors for the establishment and development of regional “Smart Cities”. Currently, the Group plans to participate in PPP projects which do not involve concessionary arrangements, and will be responsible for the operation of the projects.

To seize beneficial strategic investment opportunities

The Group plans to vertically extend the IoT intelligent terminal product application and solutions value chain to the upstream and downstream businesses along the IoT industry value chain through both organic growth and strategic acquisitions and partnerships. The Group will also establish the strategic partnership with horizontally related industries (such as Internet companies) to further broaden its collective expertise and resources, and enhance the overall servicing abilities through innovation and development of core technology, such as big data cloud platform and artificial intelligence companies.

Given the positive expectation on the macroeconomic environment and the development of the IoT industry, the Group remains cautiously optimistic towards its prospects. The Group will actively explore business opportunities to maximise the return for shareholders.

USE OF PROCEEDS FROM LISTING

As the Company was not yet listed on the Main Board of the Stock Exchange until 28 December 2017, the proceeds was not yet available for use during the Period. Net proceeds from the Global Offering (as defined in the Prospectus) of approximately HK\$111.0 million will be used in the manner consistent with that mentioned in the Prospectus.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the six-month period ended 30 September 2017

	Notes	Six-month period ended 30 September	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue	4	89,649	34,361
Cost of sales and services rendered		(59,319)	(20,080)
Gross profit		30,330	14,281
Other income	5	1,033	1,423
Other expenses		(25)	(75)
Other gains and losses	6	380	(712)
Change in fair value of investment properties		70	–
Distribution and selling expenses		(582)	(495)
Administrative expenses		(5,456)	(3,962)
Finance costs	7	(1,163)	(1,614)
Research and development expenses		(1,902)	(257)
Listing expenses		(8,398)	(4,141)
Profit before taxation		14,287	4,448
Income tax expense	8	(4,381)	(1,967)
Profit and total comprehensive income for the Period	9	9,906	2,481
Profit and total comprehensive income for the Period attributable to			
— Owners of the Company		9,906	2,481
— Non-controlling interests		–	–
		9,906	2,481
Basic earnings per share (RMB cents)	11	3.30	0.83

Condensed Consolidated Statements of Financial Position

As at 30 September 2017

	Notes	30 September 2017 (Unaudited) RMB'000	31 March 2017 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	12	3,509	3,894
Investment properties		19,270	19,200
		22,779	23,094
Current assets			
Inventories	13	1,243	1,635
Trade and other receivables	14	113,292	67,013
Amounts due from customers for contract works		8,363	4,266
Amount due from a director		2,370	15,980
Amounts due from related companies		119	115
Bank balances and cash		36,515	31,568
		161,902	120,577
Current liabilities			
Trade and other payables	15	61,576	15,379
Amount due to a director		121	17,519
Tax payables		8,338	5,061
Bank borrowings		35,000	35,600
		105,035	73,559
Net current assets		56,867	47,018
Total assets less current liabilities		79,646	70,112
Non-current liability			
Deferred tax liabilities		4,327	4,699
Net Assets		75,319	65,413
Capital and reserves			
Share capital	16	1	1
Reserves		75,318	65,412
Equity attributable to owners of the Company		75,319	65,413
Non-controlling interests		–	–
Total Equity		75,319	65,413

Condensed Consolidated Statements of Changes in Equity

For the six-month period ended 30 September 2017

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Statutory surplus reserve	Retained profits	Sub-total		
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000 (Note 1)	(Unaudited) RMB'000 (Note 2)	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
At 1 April 2017	1	48,083	(43,325)	8,583	52,071	65,413	-	65,413
Profit and total comprehensive income for the Period	-	-	-	-	9,906	9,906	-	9,906
At 30 September 2017	1	48,083	(43,325)	8,583	61,977	75,319	-	75,319
At 1 April 2016	4,759	-	-	5,583	61,307	71,649	-	71,649
Effect of group reorganisation	(4,758)	48,083	(43,325)	-	-	-	-	-
Profit and total comprehensive income for the Period	-	-	-	-	2,481	2,481	-	2,481
Dividend recognised as distribution (Note 10)	-	-	-	-	(35,681)	(35,681)	-	(35,681)
At 30 September 2016	1	48,083	(43,325)	5,583	28,107	38,449	-	38,449

Notes:

1. Merger reserve represented the difference between the share capital of Abacus International Group Company Limited ("Abacus") (formerly known as Abacus Network Company Limited), which was transferred from Shine Well Holdings Limited ("Shine Well"), an immediate and ultimate holding company of the Company to IBO Holdings Limited ("IBO Holdings") pursuant to the Reorganisation, as defined in note 1, and share capital and share premium of IBO Holdings.
2. As stipulated by the relevant laws and regulations for enterprises in the People's Republic of China ("PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of at least 10% of profit after taxation as reflected in the statutory financial statements of the relevant PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital. The statutory surplus reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

Condensed Consolidated Statements of Cash Flows

For the six-month period ended 30 September 2017

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
NET CASH FROM OPERATING ACTIVITIES	12,727	9,367
INVESTING ACTIVITIES		
Advances to a director	(170,000)	(38,753)
Purchase of property, plant and equipment	(65)	(262)
Repayment from a director	183,610	76,879
Advance to a related company	(134)	–
Repayment from a related company	130	8,038
Interest received	7	1,181
Withdrawal of pledged bank deposit	–	13,000
NET CASH FROM INVESTING ACTIVITIES	13,548	60,083
FINANCING ACTIVITIES		
Repayments of bank borrowings	(37,400)	(61,300)
Interest paid	(1,163)	(1,614)
Repayment to a director	(19,481)	(752)
Proceeds from bank borrowings	36,800	39,000
Loan from a director	2,083	4,911
Dividends paid	–	(35,681)
Issue costs paid	(2,167)	(1,101)
NET CASH USED IN FINANCING ACTIVITIES	(21,328)	(56,537)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,947	12,913
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31,568	4,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	36,515	17,223

Notes to the Interim Financial Information

30 September 2017

1. GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with the name of China Security Control Company Limited. Pursuant to a special resolution of the Company dated 15 June 2017, the name of the Company was changed from China Security Control Company Limited to IBO Technology Company Limited. The addresses of the Company's registered office and the principal place of business are disclosed in the section "Corporate Information" in this report. Its immediate and ultimate holding company is Shine Well. The ultimate controlling shareholder of the Group is Mr. Lai Tse Ming, who has historically and throughout the Period been the controlling shareholder of the Group (the "Controlling Shareholder").

The companies now comprising the Group underwent a series of reorganisation (the "Reorganisation"). Prior to the Reorganisation, the entire equity interest of Abacus and its subsidiaries, 艾伯資訊(深圳)有限公司 (IBO Information (Shenzhen) Limited) ("IBO"), Cyber Sharp Limited ("Cyber Sharp"), 深圳市國桐智能科技有限公司 (Shenzhen Guotong Intelligence Technologies Limited) ("Guotong"), 博海智能科技(深圳)有限公司 (Bohai Intelligence Technologies (Shenzhen) Limited) ("Shenzhen Bohai") and 深圳市艾伯數字技術有限公司 (IBO Shenzhen Digital Technology Limited) ("IBO Digital") were held by Shine Well, a company wholly-owned by Mr. Lai Tse Ming. Pursuant to the Reorganisation, which was completed by interspersing the Company and IBO Holdings between Shine Well and Abacus, which is achieved by the allotment of 99,999 shares of the Company to Shine Well, the Company became the holding company of the companies now comprising the Group on 29 June 2016. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 September 2017 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and are in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Notes to the Interim Financial Information

30 September 2017

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Accountants' Report in Appendix I to the Prospectus.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period. The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these unaudited condensed interim consolidated financial statements and/or disclosures set out in these unaudited condensed interim consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sale of intelligent terminal products, provision of coordination, management and installation services of smart cities, provision of system maintenance services and development of customised softwares during the Period.

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

Notes to the Interim Financial Information

30 September 2017

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the six-month period ended 30 September 2017

	Intelligent terminal products sales (Unaudited) RMB'000	System integration (Unaudited) RMB'000	Software development (Unaudited) RMB'000	System maintenance services (Unaudited) RMB'000	Total (Unaudited) RMB'000
REVENUE					
External sales	19,367	65,901	761	3,620	89,649
SEGMENT PROFIT	11,214	17,676	577	863	30,330
Unallocated income					1,033
Unallocated expenses					(16,363)
Finance costs					(1,163)
Unallocated other gains and losses					380
Change in fair value of investment properties					70
Profit before taxation					14,287

Notes to the Interim Financial Information

30 September 2017

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six month-period ended 30 September 2016

	Intelligent terminal products sales (Unaudited) RMB'000	System integration (Unaudited) RMB'000	Software development (Unaudited) RMB'000	System maintenance services (Unaudited) RMB'000	Total (Unaudited) RMB'000
REVENUE					
External sales	6,591	15,176	9,290	3,304	34,361
SEGMENT PROFIT	3,271	2,949	7,264	797	14,281
Unallocated income					1,423
Unallocated expenses					(8,930)
Finance costs					(1,614)
Unallocated other gains and losses					(712)
Profit before taxation					4,448

Segment profit represents the profit before taxation earned by each segment without allocation of other income, other expenses, other gains and losses, change in fair value of investment properties, distribution and selling expenses, administrative expenses, finance costs, listing expenses and research and development expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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.

Notes to the Interim Financial Information

30 September 2017

5. OTHER INCOME

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest income		
— from bank deposits	7	146
— from amount due from a director	—	1,035
Rental income	278	238
Government grants (Note)	819	1
Commission income	(71)	—
Others	—	3
	1,033	1,423

Note: Government grants represented unconditional grants in relation to sale of qualifying technological products granted by the local government to IBO.

6. OTHER GAINS AND LOSSES

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Net exchange gain (loss)	380	(712)

7. FINANCE COSTS

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest on bank borrowings	1,163	1,614

Notes to the Interim Financial Information

30 September 2017

8. INCOME TAX EXPENSE

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	3,403	1,536
Withholding tax	1,350	–
	4,753	1,536
Deferred tax	(372)	431
	4,381	1,967

Hong Kong

No provision for Hong Kong Profits Tax was made in the Interim Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Period.

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 Period.

In August 2013, IBO was granted the High and New Technology Enterprise ("HNTE") 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, which was renewed in November 2016, pursuant to the release of new regulation with effect from 1 January 2016 and therefore is entitled to preferential tax rate of 15% from 2013 to 2018 in accordance to the PRC EIT Law.

Notes to the Interim Financial Information

30 September 2017

9. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the Period has been arrived at after charging:

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Depreciation of property, plant and equipment Capitalised in inventories	450 (104)	483 (359)
	346	124
Cost of inventories recognised as expense (included in cost of sales and service rendered)	55,732	15,389

10. DIVIDENDS

On 8 April 2016, an interim dividend of RMB19,540,000 for the year ended 31 March 2016 and a final dividend of RMB16,141,000 for the year ended 31 March 2015 final were declared by Abacus to Shine Well.

The rate of dividend and the number of shares ranking for the above dividend are not presented as such information is not meaningful having regard to the purpose of this report.

Other than the above, no dividend was paid or declared by the Company for the six months ended 30 September 2017 and 2016.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share for the six months ended 30 September 2017 and 2016 is based on the earnings attributable to equity holders of the Company and the weighted average number of ordinary shares of 300,000,000 for the six months ended 30 September 2017 and 2016.

No diluted earnings per share is presented as there was no potential dilutive ordinary share in issue.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred approximately RMB65,000 (corresponding period in 2016 : approximately RMB262,000) on the additions to property, plant and equipment.

Notes to the Interim Financial Information

30 September 2017

13. INVENTORIES

	30 September 2017 (Unaudited) RMB'000	31 March 2017 (Audited) RMB'000
Raw materials	551	687
Finished goods	692	948
	1,243	1,635

14. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade and retention receivables (net of allowance for doubtful debts) presented based on date of delivering of goods/payment certificates/invoice dates at the end of the reporting Period, which approximated the respective revenue recognition dates:

	30 September 2017 (Unaudited) RMB'000	31 March 2017 (Audited) RMB'000
Trade receivables aged:		
0–30 days	34,116	7,673
31–90 days	16,857	7,496
Over 90 days	49,287	38,435
	100,260	53,604
Other receivables	13,032	13,409
	113,292	67,013

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the Group's trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Notes to the Interim Financial Information

30 September 2017

15. TRADE AND OTHER PAYABLES

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

	30 September 2017 (Unaudited) RMB'000	31 March 2017 (Audited) RMB'000
Trade payables aged:		
0–30 days	13,181	3,260
31–90 days	14,783	–
Over 90 days	11,213	2,519
	39,177	5,779
Other payables	22,399	9,600
	61,576	15,379

16. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 September 2017 and 2016	39,000,000	390
Issued:		
At 30 September 2017 and 2016	100,000	1

Notes to the Interim Financial Information

30 September 2017

17. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Period.

The capital structure of the Group consists of net debt, net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

18. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the Period, the Group entered into the following transactions with related companies, which are controlled by Mr. Lai Tse Ming, the Controlling Shareholder or by the close family member of Mr. Lai Tse Ming.

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Rental income from 深圳市文武稅務師事務所有限公司	–	11
Interest income from Mr. Lai Tse Ming	–	1,035

(b) Related party balances

Balances with related parties are disclosed in the condensed consolidated statement of financial position.

(c) Guarantee

As at 30 September and 31 March 2017, the Group's bank facilities amounting to RMB35,000,000 and RMB35,600,000 respectively were personally guaranteed by Mr. Lai Tse Ming, the Controlling Shareholder, his close family member and/or secured by assets of them (without charging any guarantee fee).

Notes to the Interim Financial Information

30 September 2017

18. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the Period was as follows:

	Six-month period ended 30 September	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Salaries and other allowances	1,386	1,295
Retirement benefit scheme contributions	92	63
	1,478	1,358

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

19. OPERATING LEASE COMMITMENTS

The Group as lessee:

As at 30 September and 31 March 2017, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	30 September 2017 (Unaudited) RMB'000	31 March 2017 (Audited) RMB'000
Within one year	1,067	2,793
In the second year to fifth year inclusive	25	61
Total	1,092	2,854

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term for one to two years.

Notes to the Interim Financial Information

30 September 2017

19. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor:

As at 30 September and 31 March 2017, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 September 2017 (Unaudited) RMB'000	31 March 2017 (Audited) RMB'000
Within one year	348	437
In the second year to fifth year inclusive	12	118
Total	360	555

All of the properties leased out have committed tenants for 1 to 3 years without termination options granted to tenants.

20. EVENT AFTER REPORTING PERIOD

- (a) Pursuant to written resolutions of the Company's shareholders passed on 6 December 2017, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the Global Offering set out in the section headed "Share Capital" in the Prospectus, the directors of the Company had been authorised to allot and issue a total of 299,900,000 shares, by way of capitalisation of the sum of HK\$2,999,000 (equivalent to RMB2,584,000) standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company.
- (b) The Company has conditionally approved and adopted the share option scheme ("Share Option Scheme") on 6 December 2017. A summary of its principal terms are set out in "D. Share Option Scheme" in Appendix V to the Prospectus. As at the reporting date, no option had been granted under the Share Option Scheme.
- (c) The Shares were successfully listed on the Main Board of the Stock Exchange on 28 December 2017.

Other Information

CORPORATE GOVERNANCE PRACTICES

The Company places high value on the corporate governance practice and are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the shareholders of the Company as a whole.

As the Shares were not yet listed on the Main Board of the Stock Exchange as at 30 September 2017, the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were not applicable to the Company during the Period. Immediately following the Listing on the Listing Date, the Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practice, and CG Code has been applicable to the Company. The Company has complied with the CG Code from the Listing Date up to the date of this report. The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code throughout the period commencing from the Listing Date to the date of this report.

COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

For the Period, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined under the Listing Rules) are engaged in any business that competes or may complete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the Period (corresponding period of 2016: nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this report, the Company maintained the prescribed public float of no less than 25% as required under the Listing Rules.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

Other Information

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the "Scheme") on 6 December 2017 which is valid and effective for a period of 10 years from 6 December 2017. The purpose of the Scheme is to enable the Company to grant share options to the eligible participants as incentives or rewards for their contributions to the Group. Eligible participants of the Scheme include any full-time or part-time employee of the Company or any member of the Group, including any of the executive directors, non-executive directors and independent non-executive directors, trustees, advisers, consultants, suppliers, customers of the Group or any other person who, in the sole discretion of the Board, will contribute or have contributed to the Group. The principal terms of the Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

No share option was granted, exercised or cancelled by the Company under the Scheme from the Listing Date and up to the date of this report and there was no outstanding share option as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE' S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2017, the Shares were not yet listed on the Main Board of the Stock Exchange.

As at the Listing Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity/ Nature of interests	Number of Shares held/ interested in	Percentage of shareholding (Note 1)
Mr. Lai Tse Ming ("Mr. Lai")	Interest of controlled corporation (Note 2)	213,000,000	53.25%

Notes:

1. The percentage of shareholding is calculated based on 400,000,000 Shares in issue as at the date of this report.
2. These 213,000,000 Shares are held by Shine Well Holdings Limited ("Shine Well"), a company incorporated in the British Virgin Islands ("BVI") with limited liability on 31 August 2007. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai.

Other Information

Long Positions in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of shares held/ interested in	Percentage of shareholding
Mr. Lai	Shine Well	Beneficial owner (Note)	1,000,000	100%

Note: The Company is owned as to 53.25% by Shine Well. Shine Well is wholly and beneficially owned by Mr. Lai.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2017, the Shares were not yet listed on the Main Board of the Stock Exchange.

As at the Listing Date, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in the Shares

Name of Shareholders	Capacity/ Nature of interests	Number of Shares held/ interested in	Percentage of shareholding (Note 1)
Shine Well (Note 2)	Beneficial owner	213,000,000 (Note 5)	53.25% (Note 5)
Ms. Ho Fung Lin ("Ms. Ho") (Note 2)	Interest of spouse	213,000,000 (Note 5)	53.25% (Note 5)
Century Race Investments Limited ("Century Race") (Note 3)	Beneficial owner	31,500,000 (Note 5)	7.875% (Note 5)
VC Group Holdings Limited (Note 3)	Interest in a controlled corporation	31,500,000 (Note 5)	7.875% (Note 5)
Value Convergence Holdings Limited (Note 3)	Interest in a controlled corporation	31,500,000 (Note 5)	7.875% (Note 5)

Other Information

Name of Shareholders	Capacity/ Nature of interests	Number of Shares held/ interested in	Percentage of shareholding (Note 1)
Ping An Securities limited ("Ping An Securities") (Note 4)	Beneficial owner	27,000,000 (Note 5)	6.75 (Note 5)
Grand Ahead Finance Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
Ping An Securities Group (Holdings) Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
Well Up (Hong Kong) Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
King Focus International Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
Ever Step Holdings Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
Chong Sing Holdings FinTech Group Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
Charm Success Group Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
Deep Wealth Holding Limited (Note 4)	Interest in a controlled corporation	27,000,000 (Note 5)	6.75 (Note 5)
TMF (Cayman) Limited (Note 4)	Trustee	27,000,000 (Note 5)	6.75 (Note 5)
Cui Xintong (Note 4)	Founder of discretionary trust who can influence how the trustee exercise his discretion	27,000,000 (Note 5)	6.75 (Note 5)
Lee Ken-yi Terence (Note 4)	Interest of spouse	27,000,000 (Note 5)	6.75 (Note 5)

Other Information

Notes:

1. The percentage of shareholding is calculated based on 400,000,000 Shares in issue as at the date of this report.
2. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai. Mr. Lai is therefore deemed to be interested in the Shares held by Shine Well pursuant to the SFO. Ms. Ho is the spouse of Mr. Lai and thus she is deemed to be interested in the Shares in which Mr. Lai is interested for the purpose of the SFO.
3. Century Race is wholly and beneficially owned by VC Group Holdings Limited. VC Group Holdings Limited, a company incorporated in the BVI on 13 December 2013, is wholly and beneficially owned by Value Convergence Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0821). Value Convergence Holdings Limited and VC Group Holdings Limited are therefore deemed to be interested in the Shares held by Century Race pursuant to the SFO.
4. Ping An Securities is wholly and beneficially owned by Grand Ahead Finance Limited, which is in turn wholly-owned by Ping An Securities Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 0231). Ping An Securities Group (Holdings) Limited is therefore deemed to be interested in the Shares held by Ping An Securities pursuant to the SFO. As at the date of this report and to the best knowledge of the Directors, Well Up (Hong Kong) Limited is interested in 63.43% of the entire issued share capital of Ping An Securities Group (Holdings) Limited. Well Up (Hong Kong) Limited is wholly-owned by King Focus International Limited, which is in turn owned as to 49% by Charm Success Group Limited and 37% by Ever Step Holdings Limited, respectively.

Charm Success Group Limited is wholly-owned by Deep Wealth Holding Limited, which is in turn wholly-owned by TMF (Cayman) Limited as a trustee. Ms. Cui Xintong is the founder of the trust and Mr. Lee Ken-yi Terence is the spouse of Ms. Cui Xintong.

Ever Step Holdings Limited is wholly-owned by Chong Sing Holdings FinTech Group Limited.

Therefore each of Well Up (Hong Kong) Limited, King Focus International Limited, Ever Step Holdings Limited, Chong Sing Holdings FinTech Group Limited, Charm Success Group Limited, Deep Wealth Holding Limited, TMF (Cayman) Limited, Ms. Cui Xintong and Mr. Lee Ken-yi Terence is deemed to be interested in 63.43% of the entire issued share capital of Ping An Securities Group (Holdings) Limited. Through such interests, each of them is therefore deemed to be interested in Shares in which Ping An Securities is interested for the purpose of the SFO.

5. Pursuant to the EN Subscription Agreement dated 8 January 2016 and the EN Supplemental Subscription Agreement dated 6 July 2016 (as amended by the second and third supplemental agreements dated 28 December 2016 and 8 May 2017, respectively), 9% of Shares were automatically exchanged to the Shares held by Shine Well representing 9% of the entire issued share capital of the Company on 21 December 2017.

Save as disclosed above, and as at the date of this report, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than the Scheme and as disclosed under the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time since the Listing Date and up to the date of this report, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company was not yet listed on the Main Board of the Stock Exchange as at 30 September 2017. Therefore, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS

Pursuant to Rule 3.21 of the Listing Rules, the Company established an audit committee (the "Audit Committee") with written terms of reference aligned with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Hung Muk Ming, Dr. He Tianxiang and Dr. Wong Kwok Yan. The Audit Committee is chaired by Mr. Hung Muk Ming and is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties and responsibilities as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim financial results of the Group for the Period, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The interim financial report of the Group for the Period has been reviewed by the Audit Committee. The Directors are of the view that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 15 January 2018

As of the date of this report, the Board comprises Mr. Lai Tse Ming as chairman and executive Director; Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Lyu Huiheng as executive Directors; and Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming as independent non-executive Directors.