ibotech 艾伯科技

IBO Technology Company Limited
艾伯科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2708

2019
INTERIM REPORT

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") Radio Frequency Identification ("RFID") equipment and electronic products (collectively the "intelligent terminal products") applications and solutions services in the 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) sales of intelligent terminal products; (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 the 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)*
Ms. Cheng Yan *(Vice Chairperson)*
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
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited

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

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Langshan Rd 13
Hi-Tech Industrial Park (North) Nanshan
Shenzhen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23/F, Sunshine Plaza
353 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE INFORMATION

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

COMPANY WEBSITE

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STOCK CODE

2708

CONTACT INFORMATION

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CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to announce that the unaudited interim results of the Group for the six months ended 30 September 2019 (the "**Period**"), together with the comparative figures for the six months ended 30 September 2018.

The Group's revenue for the Period increased by 39.8% from approximately RMB175.54 million of the corresponding period of 2018 to approximately RMB245.41 million, which was primarily due to the strong growth in the revenue of intelligent terminal products sales and software development operations, of which the revenue increased by 21.9% to approximately RMB199.20 million (representing 81.2% of the total revenue of the Group) and increased by 849.7% to approximately RMB32.86 million (representing 13.4% of the total revenue of the Group) as compared to corresponding period of 2018, respectively.

The Group continued to deepen the development of core business and focus on technology research and development. During the Period, the revenue from the Group's four business segments, namely intelligent terminal products sales, system integration, software development and system maintenance services, maintained encouraging growth. During the Period, the Group indirectly held 51.7321% ownership interests in Weitu Group, which brought considerable software development income to the Group, being an important factor in the substantial growth of the revenue of such business segment. On 10 June 2019, the Group established strategic cooperation relationship and entered into agreement for construction of "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)" with the Tongliao Agriculture and Livestock Bureau (通遼市農牧局). Connecting and consolidating each section along the chain ranging from breeding, fattening, feeds, veterinary medication, training for breeding techniques, slaughtering and processing, e-commerce, cold chain logistics to end consumption of beef cattle by way of digitalisation (such as the application of advanced technologies including Internet of Things, artificial intelligence, cloud computing, 5G, edge computing, etc.), the Group has commenced the deployment in the field of smart agriculture and livestock. In the field of scientific research, the Group cooperated with the School of Computer Science of Wuhan University (武漢大學計算機學院), a renowned university in the Mainland in recent years, and entered into an industry-academics-research cooperative agreement (產學研合作協議) with Shenzhen University and its affiliated research institution, Shenzhen University China-Australia BIM and Intelligence Construction Joint Research Center (深圳大學中澳BIM與智慧建造聯合研究中心). The industry-academics research cooperation base and post-doctoral workstation jointly established by the Group and such well-known institutions have effectively driven the transformation of results from scientific research during the Period, promoting the talent exchange and resource sharing with an aim to allow both parties to utilise the advantages in their respective areas.

In June 2019, China's Ministry of Industry and Information Technology officially issued 5G commercial licenses, and 5G large-scale commercial use was officially opened. As of 11 October 2019, the total number of 5G commercial subscribers received by the three major telecom operators has exceeded 10 million. According to the "5G Technology White Paper" issued by China Telecom, 5G will be the basic platform to lead technological innovation, realize industrial upgrading and develop new economy while mobile Internet and IoT services will become the main driving force for development of mobile communication. The Group actively seizes market opportunities and keeps pace with the development of the trend. On 23 October 2019, IBO Communication entered into a contract with China Unicom System Integration Limited Corporation ("**Unicom**"), a wholly-owned subsidiary of China United Network Communications Company Limited ("**China Unicom**") in relation to "5G network construction project in the Shili Dong'an community in Heyuan City", pursuant to which 5G network core equipment would be provided by IBO Communication with self-developed technology to construct a dedicated 5G network for the Shili Dong'an community in Heyuan City, Guangdong, with coverage area of nearly 400,000 square meters, formally commencing the Group's deployment in the 5G field. In the future, in order to provide its clients products and services with higher quality, the Group will continue to put effort on technology input and combine the technological achievements in the 5G field with the experience of the IoT industry and smart city construction in the past 19 years to create a "5G • AIOT" integrated solutions. At the same time, the Group will actively enrich its product portfolio and application portfolio to maintain industry leading position.

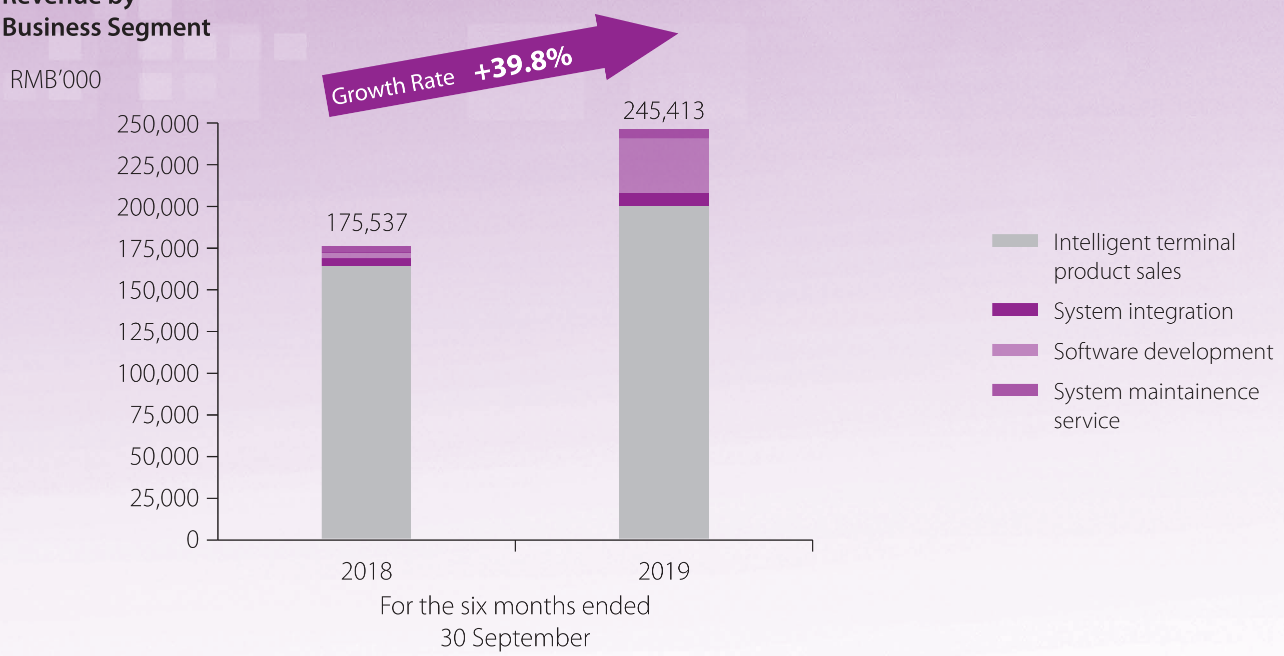
Finally, I would like to express my sincere gratitude to the Board, management team and all employees of the Group for their hard work, and also to the Group's partners and shareholders for their recognition of the Group. We will accelerate and make persistent efforts to contribute to the construction of smart cities with leading technology, products and services!

Mr. Lai Tse Ming
Chairman & Executive Director

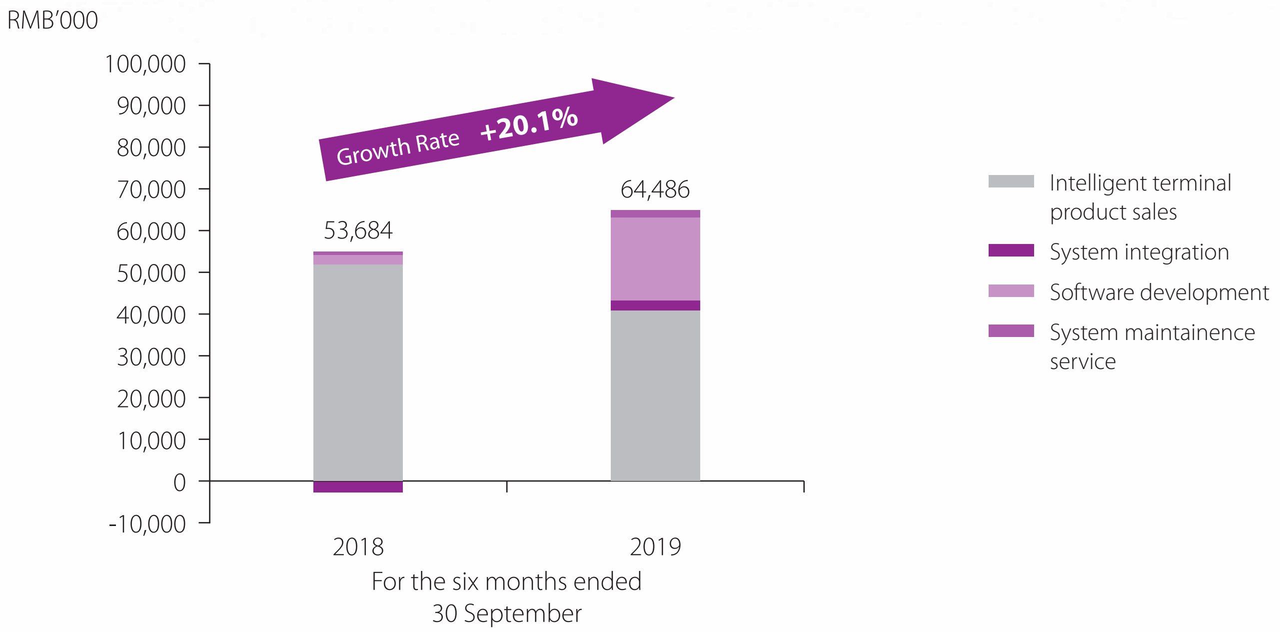
Hong Kong, 11 November 2019

FINANCIAL HIGHLIGHTS

Revenue by
Business Segment



Gross Profit by
Business Segment



BUSINESS REVIEW

The Group is a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing comprehensive IoT intelligent terminal product applications and solutions services in the PRC. The Group mainly engages in four business segments, namely (i) intelligent terminal products sales; (ii) system integration; (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, such as governmental authorities, large-scale state-owned enterprises and private enterprises.

Revenue breakdown by business segment:

	For the six months ended 30 September			
	2019		2018	
	(unaudited)		(unaudited)	
	RMB'000	**%**	RMB'000	%
Intelligent terminal products sales	**199,201**	**81.2**	163,438	93.1
System integration	**7,866**	**3.2**	4,510	2.6
Software development	**32,864**	**13.4**	3,464	2.0
System maintenance services	**5,482**	**2.2**	4,125	2.3
Total	**245,413**	**100.0**	175,537	100.0

Intelligent terminal products sales

During the Period, the Group was committed to developing, producing and selling customised IoT intelligent terminal products to its customers. In line with a growing demand for IoT products in China in recent years, the Group secured and supplied electronic products to new customers during the Period. The sales business of intelligent terminal products continued to be the business segment with the largest proportion of the Group's revenue while maintaining the growth momentum. The revenue for the Period amounted to approximately RMB199.20 million (corresponding period of 2018: approximately RMB163.44 million), representing an increase of approximately 21.9% as compared with last year, accounting for 81.2% total revenue of the Group. The revenue from the sales business of intelligent terminal products steadily increased, thereby driving the continuous growth of the Group's total revenue.

During the Period, the Group's major clients included (i) a Beijing-based technology company mainly engaged in IoT business (to which the Group sold electronic products, including Ethernet switches, optical modules, multi-service fusers and 4G wireless data transmission terminals, in addition to providing one year of maintenance services); (ii) a Tianjin-based international trading company (to which the Group sold electronic products, including RF data transmission modules, storage modules, traffic acquisition modules and MOBU tags, in addition to providing one year of maintenance services); and (iii) a Daqing-based technology company in Heilongjiang (to which the Group sold electronic products, including gold optical switches (金光交換機), Ethernet switches, central control 480 optical transceiver and data center switches, in addition to providing one year of maintenance services).

System integration

Based on analysis and assessment of customers' needs, the Group provides comprehensive and tailor-made system solutions applying IoT and related technologies to its customers, including overall system planning, development and design, procurement of system equipment, integration of software and hardware devices of the system, system implementation, trial operation and system management and maintenance, etc. During the Period, the revenue from the system integration business of the Group recorded an increase, representing an increase of approximately 74.5% as compared with last year to approximately RMB7.87 million (corresponding period of 2018: approximately RMB4.51 million), accounting for 3.2% total revenue of the Group.

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

Software development

In line with the business and management requirements of its customers, the Group planned and designed the software system framework and functions list alongside customized software application development services, for its customers. The Group's software development business achieved significant breakthrough during the Period with substantial revenue, which increased by approximately 849.7% as compared with last year to approximately RMB32.86 million (corresponding period of 2018: approximately RMB3.46 million), the proportion of which over the Group's total revenue increased to 13.4% from 2.0% last year.

During the Period, the major customers of the Group included a Heyuan-based real estate company, for which the Group developed the "Smart Site Information Management System". The system consists of eleven sub-systems, namely system management, information release, basic setup, personnel management, equipment management, project management, excavation detection management, terminal binding, data display, big data board and communication service.

During the Period, the Group indirectly held 51.7321% ownership interests in Weitu Group, which brought considerable software development income to the Group. The major customers of software development business of Weitu Group included (i) a Shenzhen-based technology company, for which Weitu Group developed "Factory Integrated Management System Project", with function categories including 2D and 3D visualization display, system integration and integrated management platform; and (ii) a Beijing-based technology company, for which Weitu Group is engaged to carry out the demand research analysis, system design, functional custom development, data sorting, implementation of deployment and training and technical support within the "Building Visualization Integration Platform Project".

System maintenance services

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. During the Period, the system maintenance services business of the Group generally remained stable with a realized revenue of approximately RMB5.48 million (corresponding period of 2018: approximately RMB4.13 million), representing an increase of approximately 32.7% as compared to last year, accounting for 2.2% total revenue of the Group.

During the Period, the major systems maintenance services of the Group included (i) providing information systems maintenance services to a PRC state-owned petroleum company, which involved petrol filling IC card system and convenience store management system of more than 2,000 gas stations, such as the maintenance of point of sale ("**POS**") terminals, consumption POS machines, operating systems, database systems and related software, data maintenance and technical training; and (ii) providing on-site technical support and construction services for the Hong Kong-Zhuhai-Macao Bridge project.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased significantly by 39.8% to approximately RMB245.41 million during the Period as compared with corresponding period of last year (corresponding period of 2018: approximately RMB175.54 million), mainly attributed to a robust growth in revenue of intelligent terminal products sales business and software development business. For the intelligent terminal products sales, the Group's sales of electronic products to an IoT technology company situated in Beijing recorded a significant growth, as well as the Group's sales of electronic products to its newly secured clients in Tianjin and Daqing City, Heilongjiang Province (which engage in international trading and technology businesses respectively). For the software development, the main growth came from the turnover arising from the development of "Smart Site Information Management System" for a real estate company based in Heyuan City. During the Period, the Company indirectly held 51.7321% ownership interests in Weitu Group, which brought considerable software development income to the Group. All of these contributed considerable revenue to the Group for the Period.

Gross profit and gross profit margin

The Group's gross profit increased by 16.0% to approximately RMB65.71 million for the Period (corresponding period of 2018: approximately RMB56.64 million), which was mainly attributable to a significant increase in the overall revenue driven by a robust growth in revenue from sales of intelligent terminal products business and software development business. The gross profit margin decreased by 5.5 percentage points to 26.8% as compared with corresponding period of last year (corresponding period of 2018: 32.3%), mainly due to (i) the related amortization expenses of intangible assets arising from the acquisition of the Weitu Group; and (ii) the Group's use of price reduction strategy to attract customers.

Other income

The Group's other income for the Period included (i) interest income from bank deposits; (ii) rental income; and (iii) government grants. Other income increased by 6.8% to approximately RMB1.72 million for the Period (corresponding period of 2018: approximately RMB1.61 million) and such change was due to the increase in rental income and government grants for the Period.

Other expenses

During the Period, the Group's other expenses decreased by 95.0% to approximately RMB0.02 million (corresponding period of 2018: approximately RMB0.40 million). The decrease was mainly due to the absence of the expenses arising from the acquisition of Weitu Group for the Period, which was included in other expenses for the corresponding period of 2018. Further details are set out in the section headed "Material Acquisition and Disposal of Subsidiaries and Affiliated Companies — Material Acquisitions in Progress During the Period" in the announcement of interim results for the six months ended 30 September 2018 of the Company dated 29 November 2018.

Other gains and losses

The Group's other net losses amounted to approximately RMB11.77 million for the Period (corresponding period of 2018: other net gains of approximately RMB4.86 million) and such change was mainly due to (i) the net exchange losses recorded during the Period as compared with the net exchange gains recorded for the corresponding period of 2018; and (ii) the losses incurred for the movement of fair value of financial assets, convertible bonds and the consideration payable and no such expenses incurred for the corresponding period of 2018.

Impairment losses, net of reversal

During the Period, the Group's impairment losses, net of reversal, were approximately RMB1.21 million (corresponding period of 2018: approximately RMB3.01 million), including expected credit losses, net of reversal, for trade receivables, other receivables and contract assets.

Distribution and selling expenses

The Group's distribution and selling expenses increased by 84.8% to approximately RMB2.07 million for the Period (corresponding period of 2018: approximately RMB1.12 million) mainly due to the increase in staff costs as a result of the demand towards more headcounts to support the robust business growth in the Period and the continuous expansion of the Group.

Administrative expenses

The Group's administrative expenses increased by 5.3% to approximately RMB25.76 million for the Period (corresponding period of 2018: approximately RMB24.47 million), mainly due to: (i) the increase in the share option expenses; (ii) the increase in staff costs as a result of the demand towards more headcounts to support the continuous expansion of the Group, and the appointment of Ms. Cheng Yan ("**Ms. Cheng**") as an executive Director and vice chairperson of the Company (details of which are set out in the announcement of the Company dated 7 August 2019); and (iii) the administrative expenses of Weitu Group, in which the Company indirectly held 51.7321% ownership interests during the Period, which were combined into the Group's consolidated statement of profit or loss and other comprehensive income for the Period, while the Company did not hold such 51.7321% ownership interests in Weitu Group for the corresponding period of 2018.

Finance costs

The Group's finance costs increased by 596.9% to approximately RMB6.83 million for the Period (corresponding period of 2018: approximately RMB0.98 million), mainly due to the increase in the interest expenses for the Period resulted from the increase in the amount of the bonds issued and the convertible bonds placed by the Group during the Period (please refer to the section headed "Capital structure, liquidity and financial resources" in this report below for more details).

Research and development expenses

The Group's research and development expenses increased by 114.1% to approximately RMB7.60 million for the Period (corresponding period of 2018: approximately RMB3.55 million), which was mainly due to the fact that more focus was placed on the research and development to further broaden the expertise and resources of the Group as a whole, as well as the continuous expansion of the Group.

Income tax expense

The Group's income tax expense increased by 32.3% to approximately RMB8.61 million for the Period (corresponding period of 2018: approximately RMB6.51 million), which was mainly due to (i) the increase in profit before taxation of IBO Information for the Period as compared to corresponding period of 2018; and (ii) the income tax expense of Weitu Group, in which the Company indirectly held 51.7321% ownership interests during the Period, which were combined into the Group's consolidated statement of profit or loss and other comprehensive income for the Period, while the Company did not hold such 51.7321% ownership interests in Weitu Group for the corresponding period of 2018. The effective tax rate increased by 48.7 percentage points to approximately 70.7% (corresponding period of 2018: 22.0%), mainly because the Company and its subsidiaries established in BVI and Hong Kong were subject to tax based on the financial positions of individual companies while the relevant companies had no income tax expenses for corresponding period of 2018, and the losses increased for the Period while companies newly established had no income tax expenses as well, resulting in a decrease in the Group's overall profit before taxation for the Period but an increase in income tax expense.

Profit attributable to owners for the Period

As a result of the foregoing, the Group's profit attributable to owners decreased by 96.8% to approximately RMB0.73 million for the Period (corresponding period of 2018: approximately RMB23.06 million), which was mainly due to (i) the decrease in gross profit margin; (ii) other net losses recorded during the Period as compared with other net gains recorded for the corresponding period of 2018; and (iii) the increases in distribution and selling expenses, administrative expenses, finance costs, research and development expenses and income tax expense for the Period.

Prepayments for investments

Prepayments for investments represent the amounts made by the Group in advance for the acquisitions of 15% of the issued share capital of Good Cheer Ventures Limited ("**Good Cheer**"). Further details are set out in the section headed "Material acquisition and disposal of subsidiaries and affiliated companies — Material Acquisition in Progress During the Period" in this report and the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

Capital structure, liquidity and financial resources

The Group adopted strict financial management policy, and its financial position remained sound. As at 30 September 2019, the Group's net current assets were approximately RMB287.56 million (31 March 2019: approximately RMB227.06 million).

As at 30 September 2019, the Group's bank balances and cash was approximately RMB50.05 million (31 March 2019: approximately RMB61.68 million). The current ratio (current assets to current liabilities) was approximately 2.6 times (31 March 2019: approximately 2.5 times).

As at 30 September 2019, the Group's total bank borrowings were approximately RMB21.68 million (31 March 2019: approximately RMB25.63 million).

As at 30 September 2019, the authorized share capital of the Company was HK$10 million divided into 1,000,000,000 shares of HK$0.01 each and the issued share capital of the Company was approximately HK$4.1093 million divided into 410,927,509 Shares of HK$0.01 each.

As of 30 September 2019, the Company issued bonds with an amount of HK$38,200,000. The bonds are transferable subject to the consent from the Company. The bonds will become due on the second to third anniversary of the issue date of the bonds. The bonds bear interest at a rate of 7% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

As of 30 September 2019, the Company completed the placing of convertible bonds with an aggregate amount of HK$53,540,000. For details, please refer to the section headed "USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS" below in this report.

Connected Transaction in Relation to Subscription of Shares by a Connected Person under Specific Mandate

On 17 February 2019, the Company entered into the subscription agreement with Shine Well Holdings Limited ("**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 dated 25 April 2019). Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 15 February 2019, being the last trading day before the date on which the terms of issue to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.6 per Share.

The estimated net proceeds from the subscription will be up to approximately HK$149 million (after deducting all relevant expenses), therefore the net issue price per subscription share is approximately HK$1.49. The Company intends to use the proceeds from the subscription as follows:

(a) approximately RMB100 million (equivalent to approximately HK$116.04 million) will be used by the Group for investment in the I4 project (as defined in the circular dated 25 April 2019);

(b) approximately RMB19 million (equivalent to approximately HK$22.05 million) will be used by the Group for additional working capital and other general corporate purposes such as staff costs, auditor's remuneration, rental expenses, etc.; and

(c) the remaining (if any) to be utilised in promoting FSM Project (as defined in the circular dated 25 April 2019) in Shenzhen and national markets (approximately HK$5 million) and other projects, including but not limited to MS Project (as defined in the circular dated 25 April 2019) (approximately HK$6 million).

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

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

As at 30 September 2019, the conditions precedent for the First Stage Subscription and the Second Stage Subscription as set out in the subscription agreement were not fulfilled. Further details are set out in the announcements of the Company dated 17 February 2019 and 17 May 2019 and the circular of the Company dated 25 April 2019.

Gearing ratio

As at 30 September 2019, the Group's gearing ratio (calculated by dividing total borrowings (including bank borrowings, bonds payables and convertible bonds) by total equity) was approximately 35.0% (31 March 2019: approximately 17.9%).

Capital expenditure

For the Period, the Group's capital expenditure increased by 81.3% to approximately RMB5.13 million (corresponding period of 2018: approximately RMB2.83 million), which was mainly used for transportation equipment, leasehold improvements, furniture and office equipment.

Capital commitment

As at 30 September 2019, the Group had no significant capital commitment (31 March 2019: nil).

Currency risk

The Group had exposure to fluctuations in exchange rates because some monetary assets and monetary liabilities are denominated in currencies other than functional currency. The Group currently does not have any foreign currency hedging policy. The Directors will monitor foreign exchange exposure closely and consider the use of hedging instruments when necessary.

Contingent liabilities

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: nil).

Pledge of group's assets

As at 30 September 2019 and 31 March 2019, all of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

Material acquisition and disposal of subsidiaries and affiliated companies

Material Acquisition in Progress During the Period

On 17 April 2019, Wonderful Splendor Limited ("**Wonderful Splendor**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Assemble Bliss Limited ("**Assemble Bliss**"), pursuant to which Assemble Bliss has conditionally agreed to sell and Wonderful Splendor has conditionally agreed to purchase the sale shares, representing 15% of the issued share capital of Good Cheer at the consideration of RMB22,470,000 (equivalent to approximately HK$26,265,183) (the "**Good Cheer Acquisition**").

Upon the reorganisation but prior to the completion date, Good Cheer will indirectly hold 96.7742% of the issued share capital of Shenzhen Tongtianhui Technology Company Limited* (深圳市童天慧科技有限公司, "**Tongtianhui**").

As of 30 September 2019, the Good Cheer Acquisition was still in progress and was completed in October 2019.

Tongtianhui owns and operates a one-stop education technology service platform in PRC, which utilises technology such as cloud computing, IoT, big data research results and artificial intelligence etc. to provide more comprehensive solutions for its customers, such as education institutions and/or individual education service providers to achieve precise matching between its customers and its online platform user, mainly the parents in PRC, with demand of education services for their children. Tongtianhui has served over 600 education institutions and/or individual education service providers customers spanning over 6 segments in education including dancing, art, calligraphy, music, sport and kid-level computer programming. As at 31 March 2019, the online education platform of Tongtianhui had over 500,000 subscribers and over 100,000 average monthly active users.

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

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

The Group, by investing in Tongtianhui, could leverage on its advantages in the technology development and provide relevant technical support to the Tongtianhui, which in turn further enhance its research and development in technological capabilities and thereby improving its market competitiveness and realising the rapid development in business as well as the expansion in market coverage.

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

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

Material Disposal

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

The allotment and the issue of the consideration shares

On 13 September 2018, Upright Joy Limited (正喜有限公司, "**Upright Joy**"), a wholly-owned subsidiary of the Company:

(1) entered into a sale and purchase agreement with Wisdom Galore Limited ("**Wisdom Galore**"), pursuant to which Wisdom Galore has conditionally agreed to sell and Upright Joy has conditionally agreed to acquire 47% of the issued share capital of Bright Leap Limited (明躍有限公司, "**Bright Leap**"), which shall be settled by (i) RMB27,520,000 in cash; and (ii) the allotment and issuance of up to 27,318,773 Consideration Shares based on the Issue Price of HK$2.0 under the General Mandate by the Company to Wisdom Galore. The Consideration Shares may be adjusted under the guaranteed profit arrangement. On 20 September 2018, Upright Joy entered into a sale and purchase supplemental agreement with Wisdom Galore to amend and clarify certain formulas relating to the adjustment mechanism for the Consideration Shares; and

(2) entered into a sale and purchase agreement with Thriving Ascend Limited ("**Thriving Ascend**"), pursuant to which Thriving Ascend has conditionally agreed to sell and Upright Joy has conditionally agreed to acquire 4.7321% of the issued share capital of Bright Leap, at the consideration of RMB7,571,360 (equivalent to approximately HK$8,676,021), which shall be settled by cash in full (the "**Bright Leap Acquisition**").

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

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

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

Significant investment

The Group did not have any significant investment during the Period.

Future plans for significant investments and capital assets

The Group is currently exploring and identifying investment and acquisition opportunities in the IoT market, and intends to use its internal resources to fund for its business expansion.

Employee and remuneration policy

As at 30 September 2019, the Group employed a total of 289 employees (30 September 2018: 162 employees). During the Period, staff costs (including Directors' emolument) was approximately RMB28.86 million (corresponding period of 2018: approximately RMB20.25 million). By strictly following the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law (《勞動合同法》) and Labour Dispute Mediation and Arbitration Law (《勞動爭議調解仲裁法》), the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religious and disability. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group regularly reviews remuneration policies and welfares of its employees. The Group also ensures that employees could have sufficient training and on-going professional and development opportunity based on their individual needs. The share option scheme was adopted by the Company on 6 December 2017 to attract, retain and motivate talented employees to strive for future developments and expansion of the Group (the "**Share Option Scheme**"). On 29 June 2018, 40,000,000 share options have been granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme. On 17 February 2019, the Company proposed to grant a total of 20,000,000 share options to the Company's executive Director, the chairman of the Board and the controlling Shareholder, Mr. Lai pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019. On 7 August 2019, the Company proposed to grant a total of 20,000,000 share options to the Company's vice chairperson and the executive Director, Ms. Cheng pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 15 October 2019.

MAJOR AWARDS AND CERTIFICATES

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

Accreditation & Certificates	Details	Time of awarding/Valid duration for Awarding	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Originally acquisition of all rights for Integrated Pipeline Operations Management System V1.0 by Yunwei Network	30 May 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Originally acquisition of all rights for Integrated Pipeline Health Assessment System V1.0 by Yunwei Network	30 May 2019	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Originally acquisition of all rights for Integrated Pipeline Monitoring Center System V1.0 by Yunwei Network	30 May 2019	National Copyright Administration of the PRC
Certificate of Promise-keeping	IBO Information being accredited as a 2018 Guangdong Province Enterprise of "Observing Contract and Valuing Credit"	1 June 2019	Market Supervision Administration of Shenzhen Municipality
Membership Certificate	IBO Information being admitted as a member of the Guangdong Public Security & Protection Technology Association	12 July 2019 to 11 July 2020	Guangdong Public Security & Protection Technology Association
Certificate of Invention Patent	IBO Information is granted a patent regarding the identification control equipment as well as the systems and methods based on its certification management of high pressure vessels	30 July 2019	National Intellectual Property Administration
Certificates of Utility Model Patent	IBO Information is granted a patent regarding the vehicle detection devices based on the dual-mode non-contact induction	16 August 2019	National Intellectual Property Administration
Certificates of Utility Model Patent	IBO Information is granted a patent regarding the intelligent vehicle equipment and system	13 September 2019	National Intellectual Property Administration
Qualification Certificate in the Design, Construction and Maintenance	The design, construction and maintenance of Security & Protection Technology System of IBO Information being admitted as Grade IV	18 September 2019	Security Technology Prevention and Management Office of Guangdong Public Security Department

Accreditation & Certificates	Details	Time of awarding/Valid duration for Awarding	Accredited/ Certified by
Environmental Management Systems Certificate	It is thereby proved that the Environmental Management System of IBO Communication complies with the requirements under (GB/T24001-2016/ISO14001:2015) The coverage of the Environmental Management System includes the research and development, sales and related management activities of signal amplifiers, communication wireless repeaters, optical fiber communication repeaters and radio frequency module of communication base station	28 September 2019 to 27 September 2022	Guangdong Quality Testing CTC Certification Co., Ltd.
Quality Management Systems Certificate	It is thereby proved that the Quality Management System of IBO Communication complies with the requirements under (GB/T19001-2016/ISO9001:2015) The coverage of the Quality Management System includes the research and development and sales of signal amplifiers, communication wireless repeaters, optical fiber communication repeaters and radio frequency module of communication base station	28 September 2019 to 27 September 2022	Guangdong Quality Testing CTC Certification Co., Ltd.
Occupational Health and Safety Management Systems Certificate	It is thereby proved that the Occupational Health and Safety Management System of IBO Communication complies with the requirements under (ISO45001:2018) The coverage of the Occupational Health and Safety Management System includes the research and development, sales and related management activities of signal amplifiers, communication wireless repeaters, optical fiber communication repeaters and radio frequency module of communication base station	28 September 2019 to 27 September 2022	Guangdong Quality Testing CTC Certification Co., Ltd.

MAJOR COOPERATION AGREEMENTS ENTERED INTO DURING THE PERIOD

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

On 10 June 2019, on the principle of "equal and mutual benefit, complementary advantages, mutual support, long-term cooperation, joint development" and with a view to fully utilise their respective advantageous resources and capability, facilitate continuous healthy growth of agriculture and livestock industry in Tongliao, speed up construction of "Digitalised ecology of smart agriculture and livestock industry in Tongliao", which includes connecting and consolidating each section along the chain ranging from breeding, fattening, feeds, veterinary medication, training for breeding techniques, slaughtering and processing, e-commerce, cold chain logistics to end consumption of beef cattle by way of digitalisation (such as the application of advanced technologies including Internet of Things, artificial intelligence, cloud computing, 5G, edge computing, etc.), as well as to invest and construct "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)" in agriculture and livestock industry in the counties of Tongliao City (the same below), the Company and the Tongliao Agriculture and Livestock Bureau (通遼市農牧局), competent department for agriculture and livestock industry of the Tongliao government, mutually decided to establish strategic cooperation relationship after comprehensive negotiation and has entered into a legally binding agreement, valid for ten years, in respect of construction of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)" to realise digitalisation of agriculture and livestock industry in Tongliao through providing comprehensive support on related matters including implementation, operation and service provision.

The "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)" includes digitalisation projects for beef cattle industry, meat sheep industry and other livestock industries. As beef cattle industry is currently the leading industry in Tongliao, the parties will focus on cooperating to commence digitalisation project for beef cattle industry at the first stage of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)". Digitalisation projects for the meat sheep industry and other livestock industries will be covered later based on modes of construction, implementation, operation and service provision of and experience in digitalisation project for beef cattle industry.

The Company will fully utilise technical edge in smart agriculture and livestock industry as well as its advantages and capability in consolidating financing and resources based on the requirement of construction of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)". The Company plans to invest or procure investment of RMB1 billion or above in the next five to ten years to complete the construction of digitalised ecology of smart agriculture and livestock industry in Tongliao in order to realise the target of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)". Accordingly, at the first stage of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)" of two to three years, the Company plans to contribute approximately RMB90 million for the establishment and implementation of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)", among which, approximately RMB50 million, approximately RMB35 million and approximately RMB5 million will be used on research and development, construction and implementation as well as project promotion and establishment of localised maintenance team respectively. Further details are set out in the announcement of the Company dated 10 June 2019.

BUSINESS OUTLOOK AND STRATEGIES

In recent years, both the IoT market and smart city construction in China have flourished. According to the "Analysis Report on Market Demand and Investment Forecast of the Application of the Internet of Things Industry in China (《中國物聯網行業應用領域市場需求與投資預測分析報告》)" issued by the Prospects Industry Research Institute, the market size of the national IoT industry is expected to exceed RMB1.5 trillion and RMB1.8 trillion in 2019 and 2020, respectively, while the market size of the global IoT industry will reach USD$1.7 trillion . With its 19 years of experience in the IoT industry, the Group has seized market opportunities to develop 5G business while deepening its existing businesses as well as actively deploying business segments such as smart fire-fighting, smart agriculture and smart factories.

Grasping historical opportunities and striving to win in the 5G era

The Group will grasp the historical opportunity of vigorous development of 5G network construction. Pivoting on China with global vision, the Group will actively participate in the construction of 5G network carried out by domestic and foreign telecom operators and provide them with the series equipment of 5G small base stations including pico base stations and femto base stations, in order to strive to become the leading product provider of series equipment of small base stations in the construction of 5G network of domestic and foreign telecom operators.

5G will promote economic and social digital transformation and empower a variety of industries with its stronger performance, more applications and new ecology. Based on the Group's 19 years of experience in intelligent application in many sub-sectors, as well as its rich technology accumulation in the fields of IoT, big data, cloud computing, artificial intelligence etc., the Group will actively integrate into the development of 5G business applications in various industries. By cooperating with external resources such as operators and industry partners with an open and inclusive attitude and developing 5G typical business applications with integrated technologies, such as 5G, IoT, big data, cloud computing and artificial intelligence, we will jointly promote the rapid establishment and deployment of 5G typical business applications. Also, we will continuously expand the application, promotion and popularization of 5G in different industries and different businesses. The Group will serve as a cross-industry 5G business application solution provider and an integrated construction and operation service provider to provide clients from different industries with comprehensive services such as innovative 5G business application integration solutions, the planning and construction of customized and dedicated 5G network as well as the operation and maintenance of industry application big data platform.

On 23 October 2019, IBO Communication entered into a contract with Unicom in relation to "5G network construction project in the Shili Dong'an community in Heyuan City", pursuant to which 5G network core equipment would be provided by IBO Communication with self-developed technology (including main frames of 5G pico base stations, extension units of 5G pico base stations, transmission units of 5G pico base stations and core network based on SA network) to construct a dedicated 5G network for the Shili Dong'an community in Heyuan City, Guangdong, with coverage area of nearly 400,000 square meters.

To intensify cooperative research and development efforts and diversify products and services

The Group has formed strategic partnerships with different research institutes and universities since last year, including cooperation with Wuhan University to promote research and development of artificial intelligence (AI), big data and intelligent software; and extensive cooperation with Shenzhen University and its affiliated research institution, Shenzhen University China-Australia BIM and Intelligence Construction Joint Research Center (深圳大學中澳BIM與智慧建造聯合研究中心), in the field of urban smart construction and Artificial Intelligence for IT Operations (AIOps); and the development, construction and operation of digitalisation project for beef cattle industry with the Institute of Animal Science of CAAS ("**Institute of Animal Science**") to provide whole industry chain ecological service for local governments and beef cattle producing areas.

In June 2019, the Group and the Tongliao Agriculture and Livestock Bureau (通遼市農牧局), competent department for agriculture and livestock industry of the Tongliao government in the Inner Mongolia entered into an agreement in respect of construction of the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)". Connecting and consolidating each section along the chain ranging from breeding, fattening, feeds, veterinary medication, training for breeding techniques, slaughtering and processing, e-commerce, cold chain logistics to end consumption of beef cattle by way of digitalisation (such as the application of advanced technologies including Internet of Things, artificial intelligence, cloud computing, 5G, edge computing, etc.), the Group will accelerate the deployment in the field of smart agriculture and livestock. In February 2019, the Group entered into a strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司, "**IAC**") in respect of the cooperation of the joint design, development, manufacturing and sales of smart factories, consumer electronics and smart wearable products. The Group will continue to intensify research and development efforts and to diversify its products and services through continuous technological innovation and achievements transformation.

To continue expanding the application of AIOT in various sectors

China's IoT industry is in the stage of rapid growth. Under the situation that technologies, such as 5G, artificial intelligence and big data, are gradually mature and popularised, since the application of AIoT under new mobile communication technology represented by 5G is the current mainstream development direction of IoT industry, the Group will provide a wealth of digital transformation solutions for various industries, so as to create new value for its customers. The Group will continue its business expansion and strengthen the cooperation with external technology companies, industry partners and scientific research institutions to leverage their respective strengths to integrate market resources and develop potential 5G+ AIoT application sub-sectors, such as smart agriculture and animal husbandry industry, 5G smart community, petrochemical digitisation and public service administration in smart city. The Group will provide 5G+ AIoT integrated solutions for customers in various industries through the combination of the Group's 19-year experience of IoT industry and the products and technologies of AIOT.

Gateway to China, capturing global opportunities

As a leading IoT intelligence terminal product application and solution services provider in the industry, the Group will increase the layout of overseas market with global vision and actively explore the overseas projects of high quality while constantly consolidating its existing market and business in mainland China. In the future, the Group will focus on the development of the overseas business such as dedicated 5G network construction, 5G core equipment, laptops, smart wearables, consumer electronics, smart home appliances and consumer electronic products, in order to promote the brand of "IBO Technology" to the global market.

To identify beneficial strategic investment opportunities

The future of IoT market is promising. The mature 5G technology will be more widely used in the construction of AIoT in the future. The Group will closely follow the development trend towards inclusive symbiosis among 5G and AIoT, accelerate the deployment of upstream and downstream businesses on the 5G and AIoT industry chain and improve its operational efficiency to maintain our leading market position. The Group will continue to identify strong domestic and overseas business partners, so that we can achieve a win-win outcome through cooperation with such strong partners.

EVENTS AFTER THE REPORTING PERIOD

Grant of 20,000,000 share options in aggregate to Ms. Cheng

On 7 August 2019, the Company has proposed to grant in aggregate 20,000,000 share options to Ms. Cheng, to subscribe for 20,000,000 Shares pursuant to the Share Option Scheme at the exercise price of HK$1.6, for a validity period of 4 years from the date of grant. The resolution on the proposed grant of share options to Ms. Cheng was approved by the independent Shareholders at the extraordinary general meeting held on 15 October 2019. Further details are set out in the announcements of the Company dated 7 August 2019 and 15 October 2019, and the circular dated 17 September 2019.

Refreshment of the Scheme Mandate Limit under the Share Option Scheme

At the extraordinary general meeting of the Company held on 15 October 2019, the refreshment of the Scheme Mandate Limit under the Share Option Scheme was approved by the Shareholders, and the approval for the listing of, and permission to deal in, the new Shares to be allotted and issued upon exercise of any share options to be granted under the refreshed limit of the Share Option Scheme has been granted by the Stock Exchange. The limit on the grant of share options under the Share Option Scheme by the Company has been refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the extraordinary general meeting, and the share options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised share options) would not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. As at the date of the approval at the extraordinary general meeting, there were 410,927,509 Shares in issue. The maximum number of Shares that could be allotted and issued upon the exercise of share options which might be granted by the Company pursuant to the Share Option Scheme under the refreshed Scheme Mandate Limit would be 41,092,750, being 10% of the total number of issued Shares as at the date of passing of the resolution approving the said refreshment at the extraordinary general meeting. Further details are set out in the announcement of the Company dated 15 October 2019, and the circular dated 17 September 2019.

Cooperation with China Unicom System Integration Limited Corporation in relation to 5G Network Construction Project in the Shili Dong'An Community in Heyuan City

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

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

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

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

The acquisition of 15% of the issued share capital of Good Cheer

In October 2019, Wonderful Splendor has completed the acquisition of 15% of the issued share capital of Good Cheer. Further details are set out in the section headed "Material acquisition and disposal of subsidiaries and affiliated companies — Material Acquisition in Progress During the Period" in this report.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company issued 100,000,000 new Shares for the Listing at the offer price of HK$1.5 per Share. The net proceeds, after deducting underwriting commissions and issuing expenses from Listing, were approximately RMB88 million.

As of 30 September 2019, the Group has utilized all the net proceeds, and the net proceeds have been used in the manner set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 14 December 2017. The utilisation of net proceeds was summarized as below:

	Original allocation of net proceeds from global offering		Actually utilised amount as of 30 September 2019	Unutilised amount as of 30 September 2019
	%	RMB'000	RMB'000	RMB'000
Used for actively expanding our businesses through extending the application of our technologies into different sectors of the "Smart City" market from 2017 to 2018	54.3	47,784	47,784	–
Used for identifying beneficial strategic investment opportunities from 2017 to 2019	19.4	17,072	17,072	–
Used for further enhancement of our R&D development capability, in technologies including but not limited to digital driver and vehicle identification, face detection and digital monitoring of gas cylinders technologies from 2017 to 2019	16.3	14,344	14,344	–
Used for additional working capital and other general corporate purpose	10.0	8,800	8,800	–
	100.0	88,000	88,000	–

USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS

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

On 17 February 2019, the Company (as the issuer) and VC Brokerage Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$64,000,000 at the initial conversion price of HK$1.6 per conversion share (subject to adjustments). The last day of the three-year period from the issue date is the maturity date. The outstanding principal amount of the convertible bonds is calculated on the rate of 7.5% per annum and is payable on the maturity date. On 15 February 2019, being the last trading day before the date on which the terms of the issue were determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.6 per Share.

On 3 April 2019, convertible bonds with an aggregate principal amount of HK$22,400,000 have been successfully placed to the placees, who and whose ultimate beneficial owners are independent third parties. Assuming there is no further issue or repurchase of the Shares, based on the initial conversion price of HK$1.6 per conversion share, 14,000,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK$140,000. The conversion shares will be allotted and issued under the General Mandate.

The gross proceeds from the placing are approximately HK$22,400,000. The net proceeds from the placing (after deducting the placing commission and other expenses) are approximately HK$21,400,000 (equivalent to approximately RMB18,319,000). The net conversion price, after deduction of relevant expenses, is approximately HK$1.53 per conversion share. The Directors are of the view that the placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Further details are set out in the announcements of the Company dated 17 February 2019 and 3 April 2019.

As of 30 September 2019, the Group has utilised a total of approximately RMB1.3 million from the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 3 April 2019, which are used for the project in relation to the strategic cooperation framework agreement with IAC as set out in the announcement of the Company dated 4 February 2019. The unutilised net proceeds from placing of convertible bonds have been deposited in a licensed financial institution. The utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from placing of convertible bonds		Actually utilised amount as of 30 September 2019	Unutilised amount as of 30 September 2019
	%	RMB'000	RMB'000	RMB'000
Project in relation to the strategic cooperation framework agreement with IAC	100.0	18,319	1,300	17,019

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

On 10 June 2019, the Company (as the issuer) and VC Brokerage Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$31,140,000 at the initial conversion price of HK$1.73 per conversion share (subject to adjustments). The last day of the three-year period from the issue date is the maturity date. The outstanding principal amount of the convertible bonds is calculated on the rate of 7.5% per annum and is payable on the maturity date. On 10 June 2019, being the date on which the terms of the issue were determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.72 per Share.

On 10 July 2019, convertible bonds with an aggregate principal amount of HK$31,140,000 have been successfully placed to the placees, who and whose ultimate beneficial owners are independent third parties. Assuming full conversion of the convertible bonds into conversion shares, based on the initial conversion price of HK$1.73 per conversion share, a total of 18,000,000 conversion shares will be allotted and issued with a total nominal value of HK$180,000. The conversion shares will be allotted and issued under the General Mandate.

The gross proceeds from the placing will be up to HK$31,140,000. The net proceeds from the placing (after deducting the placing commission and other expenses) will be approximately HK$30,200,000 (equivalent to approximately RMB26,624,000). The net conversion price, after deduction of relevant expenses, is approximately HK$1.68 per conversion share. The Directors are of the view that the placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Further details are set out in the announcements of the Company dated 10 June 2019 and 10 July 2019.

As of 30 September 2019, the Group has utilized a total of approximately RMB5.81 million from the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 10 July 2019, which are used for the "Digitalization Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)" as set out in the voluntary announcement of the Company dated 10 June 2019. As disclosed in such voluntary announcement, at the first stage of such project of two to three years, the Company plans to contribute approximately RMB90 million for the establishment and implementation of its nine sub-projects, and the net proceeds provide the first round of funding for kicking off and setting up of such project. The unutilised net proceeds from placing of convertible bonds have been deposited in a licensed financial institution. The utilisation of net proceeds was summarized as below:

	Original allocation of net proceeds from placing of convertible bonds		Actually utilised amount as of 30 September 2019	Unutilised amount as of 30 September 2019
	%	RMB'000	RMB'000	RMB'000
Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)	100.0	26,624	5,810	20,814

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	NOTES	Six months ended 30 September 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue	3	**245,413**	175,537
Cost of sales and services rendered		**(179,700)**	(118,899)
Gross profit		**65,713**	56,638
Other income	5	**1,721**	1,605
Other expenses		**(15)**	(400)
Other gains and losses	6	**(11,768)**	4,862
Impairment losses, net of reversal		**(1,211)**	(3,011)
Distribution and selling expenses		**(2,069)**	(1,121)
Administrative expenses		**(25,763)**	(24,467)
Finance costs		**(6,829)**	(981)
Research and development expenses		**(7,599)**	(3,553)
Profit before taxation		**12,180**	29,572
Income tax expense	7	**(8,606)**	(6,511)
Profit and total comprehensive income for the period	8	**3,574**	23,061
Profit and total comprehensive income for the period attributable to			
— Owners of the Company		**730**	23,061
— Non-controlling interests		**2,844**	–
		3,574	23,061
Earnings per share			
— Basic (RMB cents)	10	**0.18**	5.77
— Diluted (RMB cents)	10	**0.18**	5.76

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	NOTES	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	**10,432**	8,312
Right-of-use assets		**3,532**	–
Investment properties		**20,500**	20,500
Goodwill		**44,157**	44,157
Intangible asset		**63,884**	67,162
Financial assets at fair value through profit or loss		**503**	460
Rental deposits		**540**	578
Deferred tax assets		**55**	–
Prepayments for investments	12	**22,470**	–
		166,073	141,169
Current assets			
Inventories		**61,543**	51,897
Trade and other receivables	13	**345,599**	240,984
Contract assets	14	**3,412**	12,215
Amount due from a related company		**24**	38
Amounts due from non-controlling interests		**251**	197
Financial assets at fair value through profit or loss		**1,628**	7,793
Bank balances and cash		**50,054**	61,684
		462,511	374,808
Current liabilities			
Trade and other payables	15	**108,418**	73,840
Contract liabilities		**131**	–
Lease liabilities		**2,014**	–
Amounts due to non-controlling interests		**11,581**	13,681
Tax payables		**19,281**	17,313
Bank borrowings	16	**18,890**	25,109
Consideration payable		**14,637**	17,810
		174,952	147,753
Net current assets		**287,559**	227,055
Total assets less current liabilities		**453,632**	368,224

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	NOTES	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
Non-current liabilities			
Deferred tax liabilities		**23,142**	22,559
Bank borrowings	*16*	**2,794**	523
Bonds payables	*17*	**31,826**	26,727
Convertible bonds	*18*	**58,656**	–
Lease liabilities		**1,677**	–
Consideration payable		**14,637**	26,714
		132,732	76,523
Net Assets		**320,900**	291,701
Capital and reserves			
Share capital	*19*	**3,449**	3,349
Reserves		**284,360**	258,150
Equity attributable to owners of the Company		**287,809**	261,499
Non-controlling interests		**33,091**	30,202
Total Equity		**320,900**	291,701

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company								
	Share capital RMB'000	**Share premium** RMB'000	**Merger reserve** RMB'000 *(Note a)*	**Share options reserve** RMB'000	**Statutory surplus reserve** RMB'000 *(Note b)*	**Retained profits** RMB'000	**Sub-total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 April 2018 (audited)	3,349	158,165	(43,325)	–	14,383	81,747	214,319	–	214,319
Adjustments *(note 2)*	–	–	–	–	–	(1,439)	(1,439)	–	(1,439)
At 1 April 2018 (restated)	3,349	158,165	(43,325)	–	14,383	80,308	212,880	–	212,880
Profit and total comprehensive income for the period	–	–	–	–	–	23,061	23,061	–	23,061
Recognition of equity-settled share based payments	–	–	–	9,235	–	–	9,235	–	9,235
At 30 September 2018 (unaudited)	3,349	158,165	(43,325)	9,235	14,383	103,369	245,176	–	245,176
At 1 April 2019 (audited)	**3,349**	**158,165**	**(43,325)**	**14,668**	**19,998**	**108,644**	**261,499**	**30,202**	**291,701**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**730**	**730**	**2,844**	**3,574**
Issuance of shares related to previous acquisition *(Note 19)*	**100**	**15,624**	**–**	**–**	**–**	**–**	**15,724**	**–**	**15,724**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45**	**45**
Recognition of equity-settled share based payments	**–**	**–**	**–**	**9,856**	**–**	**–**	**9,856**	**–**	**9,856**
At 30 September 2019 (unaudited)	**3,449**	**173,789**	**(43,325)**	**24,524**	**19,998**	**109,374**	**287,809**	**33,091**	**320,900**

Notes:

a. Merger reserve represented the difference between the share capital of Abacus International Group Company Limited ("Abacus"), 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 set out on the prospectus dated 14 December 2017 and share capital and share premium of IBO Holdings.

b. 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 STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	NOTES	Six months ended 30 September 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**51,829**	29,873
Increase in inventories		**(9,646)**	(19,061)
Increase in trade and other receivables		**(105,893)**	(39,280)
Decrease in financial assets at fair value through profit or loss		**5,600**	–
Increase in trade and other payables		**33,313**	15,670
Other movements in working capital items		**8,954**	(9,485)
Cash used in operations		**(15,843)**	(22,283)
Income taxes paid		**(6,110)**	(5,525)
NET CASH USED IN OPERATING ACTIVITIES		**(21,953)**	(27,808)
INVESTING ACTIVITIES			
Prepayments for investments	*12*	**(22,470)**	(13,500)
Purchase of property, plant and equipment		**(3,407)**	(2,012)
Deposits paid for acquisition of property, plant and equipment		**–**	(1,131)
Purchase of intangible assets		**(3,601)**	(818)
Payments for right-of-use assets		**(51)**	–
Interest received		**–**	50
NET CASH USED IN INVESTING ACTIVITIES		**(29,529)**	(17,411)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**24,890**	32,000
Proceeds from bonds issuance		**48,254**	3,520
Repayments of bank borrowings		**(28,838)**	(8,524)
Repayment of lease liabilities		**(1,074)**	–
Repayments to non-controlling interests		**(2,100)**	–
Interest paid		**(1,280)**	(981)
NET CASH FROM FINANCING ACTIVITIES		**39,852**	26,015
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(11,630)**	(19,204)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**61,684**	82,719
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD represented by bank balances and cash		**50,054**	63,515

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.

Convertible bonds

Convertible bonds containing debt and derivative components

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments or with settlement option is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

Other than the accounting policy listed above and changes in accounting policies resulting from application of new and 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 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements.

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

Except as described below, the application of the new and amendments to HKFRSs and the interpretation 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.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by applying HKFRS 16.C8(b)(ii) transition.

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

	At 1 April 2019 RMB'000
Operating lease commitments disclosed as at 31 March 2019	**7,852**
Lease liabilities discounted at relevant incremental borrowing rates	**7,419**
Less: Recognition exemption — short-term leases	**2,953**
Lease liabilities as at 1 April 2019	**4,466**
Analysed as	
Current	**1,967**
Non-current	**2,499**
	4,466

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Note	**Right-of-use assets** RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		4,466
Adjustments on rental deposits at 1 April 2019	*(a)*	85
		4,551
By class:		
Land and buildings		4,551

(a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB85,000 was adjusted to refundable rental deposits paid and right-of-use assets.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(b) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 April 2019. However, effective from 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(c) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets. The change had no material impact on the condensed consolidated financial statements of the Group for the current period.

(d) Effective on 1 April 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

The transition to HKFRS 16 had no impact on retained earnings at 1 April 2019.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts Previously reported at 31 March 2019 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 April 2019 RMB'000
Non-current Assets			
Right-of-use assets	–	4,551	4,551
Rental deposits	578	(80)	498
Current Asset			
Trade and other receivables	240,984	(5)	240,979
Current Liability			
Lease liabilities	–	1,967	1,967
Non-current liability			
Lease liabilities	–	2,499	2,499

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2019 as disclosed above.

3. REVENUE

Disaggregation of revenue

Types of goods or services

	Six months ended 30 September 2019 (Unaudited) RMB'000	Six months ended 30 September 2018 (Unaudited) RMB'000
Intelligent terminal products sales	**199,915**	167,646
Provision of coordination, management and installation services	**7,152**	302
Software development	**32,864**	3,464
System maintenance services	**5,482**	4,125
	245,413	175,537

Timing of revenue recognition

	Six months ended 30 September 2019 (Unaudited)				
	Intelligent terminal products sales RMB'000	**Provision of coordination, management and installation services RMB'000**	**Software development RMB'000**	**System maintenance services RMB'000**	**Total RMB'000**
A point in time	**199,915**	**–**	**–**	**–**	**199,915**
Over time	**–**	**7,152**	**32,864**	**5,482**	**45,498**
	199,915	**7,152**	**32,864**	**5,482**	**245,413**

	Six months ended 30 September 2018 (Unaudited)				
	Intelligent terminal products sales RMB'000	Provision of coordination, management and installation services RMB'000	Software development RMB'000	System maintenance services RMB'000	Total RMB'000
A point in time	167,646	–	–	–	167,646
Over time	–	302	3,464	4,125	7,891
	167,646	302	3,464	4,125	175,537

4. SEGMENT INFORMATION

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.

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

For the six months ended 30 September 2019

	Intelligent terminal products sales RMB'000	System integration RMB'000	Software development RMB'000	System maintenance services RMB'000	Total RMB'000
REVENUE					
External sales	199,201	7,866	32,864	5,482	245,413
SEGMENT PROFIT	40,438	2,468	19,886	1,694	64,486
Unallocated income					1,721
Unallocated expenses					(35,446)
Finance costs					(6,829)
Unallocated other gains and losses					(11,768)
Unallocated impairment losses, net of reversal					16
Profit before taxation					12,180

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2018

	Intelligent terminal products sales RMB'000	System integration RMB'000	Software development RMB'000	System maintenance services RMB'000	Total RMB'000
REVENUE					
External sales	163,438	4,510	3,464	4,125	175,537
SEGMENT PROFIT (LOSS)	51,404	(906)	2,392	794	53,684
Unallocated income					1,605
Unallocated expenses					(29,541)
Finance costs					(981)
Unallocated other gains and losses					4,862
Unallocated impairment losses, net of reversal					(57)
Profit before taxation					29,572

Segment profit represents the profit 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, impairment losses, 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.

Geographical markets

As all the Group's revenue is derived from customers located in the PRC and all the Group's identifiable non-current assets are principally located in the PRC, no geographical segment information is presented.

5. OTHER INCOME

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest income from bank deposits	**37**	50
Rental income	**307**	245
Government grants *(Note)*	**1,377**	1,220
Commission income	**–**	90
	1,721	1,605

Note: Government grants represented unconditional grants in relation to sale of qualifying technological products and research and development on high-tech area granted by the local government to IBO Information (Shenzhen) Limited ("IBO").

6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net exchange (loss) gain	**(2,503)**	5,025
Loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL")	**(522)**	–
Loss on change in fair value of derivative liability at FVTPL component *(Note 18)*	**(8,268)**	–
Loss on change in fair value of consideration payables	**(475)**	–
Change in fair value of investment properties	**–**	(160)
Loss on disposal of property, plant and equipment	**–**	(3)
	(11,768)	4,862

7. INCOME TAX EXPENSE

	Six months ended 30 September 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	**8,078**	5,571
Deferred tax	**528**	940
	8,606	6,511

Hong Kong

Action First Investments Limited ("Action First") , a subsidiary of the Company, is subject to Hong Kong Profits Tax. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%.

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 November 2016, IBO renewed the 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 November 2019 in accordance to the PRC EIT Law.

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

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

	Six months ended 30 September 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Depreciation of property, plant and equipment	**1,287**	623
Depreciation of right-of-use assets	**1,070**	–
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	**6,879**	17
	9,236	640
Capitalised in inventories	**(7,169)**	(145)
	2,067	495

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (Continued)

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	**161,076**	114,531
Gross rental income from investment properties net of negligible direct operating expenses incurred for investment properties	**292**	245
Impairment loss recognised in respect of trade receivables	**1,247**	2,964
Impairment reversed in respect of contract assets	**(20)**	(10)
Impairment loss (reversed) recognised in respect of other receivables	**(16)**	57

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period (2018: nil), nor had any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share	**730**	23,061

	Six months ended 30 September	
	2019	2018
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**409,300**	400,000
Effect of dilutive potential ordinary shares:		
Share options	**1,973**	622
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**411,273**	400,622

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the interim period, the Group acquired items of property, plant and equipment of approximately RMB3,407,000 (30 September 2018: RMB2,012,000) to expand its operations. The additions included RMB1,085,000 (30 September 2018: Nil) in the construction of an intelligent farm, RMB1,368,000 (30 September 2018: NIL) in leasehold improvement, and RMB954,000 in motor vehicles and office equipment (30 September 2018: RMB2,012,000).

12. PREPAYMENTS FOR INVESTMENTS

On 17 April 2019, the Group entered into an agreement (the "Agreement") with independent third party, Assemble Bliss Limited to acquire 15% equity interest of Good Cheer Ventures Limited.

The completion of the acquisition is subject to fulfilment of the various criteria as set out in the Agreement, the acquisition has not yet to be completed at 30 September 2019.

The proposed consideration of the aforementioned acquisitions is approximately RMB22,470,000 by cash. At the end of the interim period, the aggregate prepayments for the aforementioned acquisitions amounted to RMB22,470,000.

13. TRADE AND OTHER RECEIVABLES

	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
Trade receivables	**268,909**	156,025
Less: allowance for doubtful debts	**(2,650)**	(1,403)
	266,259	154,622
Other receivables	**3,053**	762
Prepayments	**76,249**	84,765
Rental deposit	**38**	835
Total	**345,599**	240,984

The Group allows credit period ranging from 30 days to 180 days which are agreed with each of its trade customers.

13. TRADE AND OTHER RECEIVABLES (Continued)

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:

	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
0–30 days	**50,430**	96,078
31–90 days	**24,527**	12,909
91–180 days	**133,616**	37,177
181–365 days	**51,748**	3,075
Over 365 days	**5,938**	5,383
	266,259	154,622

14. CONTRACT ASSETS

	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
Contract assets:		
Retention receivables	**3,412**	12,215

The contract assets primarily relate to retention receivables which are to be settled upon the expiring of the defects liability period. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables upon expiring of defects liability period. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

15. TRADE AND OTHER PAYABLES

	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
Trade payables	**34,120**	40,584
Notes payables	**2,000**	–
Other payables and other accruals	**25,548**	5,751
Other tax payable	**39,892**	23,178
Accrued payroll expenses	**4,507**	2,870
Interest payables	**1,610**	716
Amount due to a third party	**741**	741
Total trade and other payables	**108,418**	73,840

The credit period on trade payables ranged from 30 days to 60 days.

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

	30 September 2019 (Unaudited) RMB'000	31 March 2019 (Audited) RMB'000
0–30 days	**499**	11,113
31–90 days	**1,497**	821
Over 90 days	**32,124**	28,650
	34,120	40,584

16. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to RMB24,890,000 (30 September 2018: RMB32,000,000). The loans carry interest at fixed market rates ranging from 6% to 11% and are repayable in instalments over a range of period of 1 to 3 years, the proceeds were used to finance daily operation of businesses.

17. BONDS PAYABLES

During the current interim period, the Group issued bonds at par value in an aggregate principal amount of HK$3,600,000 (the "Bonds"). The Bonds are denominated in HK$ and are unlisted. The Bonds carry interest at a nominal rate of 7% per annum, payable annual in arrears with a maturity period of 3 years unless earlier redeemed or repurchased. The proceeds are being utilised for general working capital of the Group.

18. CONVERTIBLE BONDS

On 3 April 2019, the Company completed the issue of convertible bonds (the "CB I") with the aggregate principal amount of HK$22,400,000 (equivalent to approximately RMB19,215,000). The convertible bonds are denominated in Hong Kong Dollar. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 3 April 2022 at a conversion price of HK$1.60 per convertible bond. If the bonds had not been converted, they will be redeemed on 3 April 2022 at par. Interest of 7.5% will be paid annually up until the settlement date.

On 10 July 2019, the Company completed the issue of convertible bonds (the "CB II") with the aggregate principal amount of HK$31,140,000 (equivalent to approximately RMB27,397,000). The convertible bonds are denominated in Hong Kong Dollar. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 10 July 2022 at a conversion price of HK$1.73 per convertible bond. If the bonds had not been converted, they will be redeemed on 10 July 2022 at par. Interest of 7.5% will be paid annually up until the settlement date.

The convertible bonds contain two components, debt component and derivative (including conversion and early redemption options) component. The effective interest rates of the debt component are 36.80% for CB I and 37.17% for CB II respectively. During the interim period, transactions costs totalling of RMB1,165,000 had been incurred for the issuance of convertible bonds.

The movements of the liability and derivative components of the convertible bonds for the current period are set out as below:

	Liability component RMB'000	Derivative component RMB'000
At 1 April 2019	–	–
Upon issue of convertible bonds	27,055	18,863
Change in fair value	–	8,268
Interest charge	3,424	–
Exchange realignment	1,046	–
At 30 September 2019	31,525	27,131

19. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019	1,000,000,000	10,000

	Number of shares	Share capital HK$'000	Shown in the consolidated statement of financial position RMB'000
Issued:			
At 1 April 2018, 30 September 2018, 1 April 2019	400,000,000	4,000	3,349
Issued as consideration for the acquisition of subsidiaries (Note)	10,927,509	109	100
At 30 September 2019	410,927,509	4,109	3,449

Note: On 17 September 2019, a total of 10,927,509 ordinary shares of par value HK$0.01 each were allotted and issued to Wisdom Galore Limited, in respect of the acquisition of Bright Leap Limited and its subsidiaries in the year ended 31 March 2019.

The new shares rank pari passu with the existing shares in all respects.

20. SHARE BASED PAYMENTS

On 6 December 2017, the Company conditionally adopted a share option scheme (the "Scheme") pursuant to a resolution passed by its shareholders, for the primary purpose of providing incentives or rewards to eligible employees (including the executive, non-executive and independent non-executive directors of the Company) and other selected participants. The adoption of the Scheme became unconditional upon the listing of the Company on 6 December 2017.

In the current interim period, share options were granted on 17 May 2019. The fair value of the options determined at the dates of grant using the Binomial model was HK$13,543,000, equivalent to RMB11,880,000.

The closing price of the Company's shares immediately before 17 May 2019, the date of grant, was HK$1.76.

20. SHARE BASED PAYMENTS (Continued)

The following assumptions were used to calculate the fair values of share options:

	17 May 2019
Grant date share price	HK$1.78
Exercise price	HK$1.60
Expected life	2.75 years
Expected volatility	51.98%
Dividend yield	0%
Risk-free interest rate	1.65%

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the best estimate of the directors of the Company. Changes in variables and assumptions may result in changes in the fair value of the options.

At the end of the reporting period, the Group revises its estimates of number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

The Group recognised the expense of RMB9,856,000 for the period ended 30 September 2019 (six months ended 30 September 2018: RMB9,235,000) in relation to share options granted by the Company. No share options granted under the Scheme were exercised up to the end of the reporting period.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/financial liabilities	Fair value as at 30 September 2019	Fair value as at 31 March 2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
Financial assets					
Convertible bonds	**RMB503,000**	RMB460,000	Level 3	Discounted cash flow method	Expected volatility (Note 1)
Listed equity securities	**RMB1,628,000**	RMB7,793,000	Level 1	Quoted bid prices in an active market	N/A
Financial liabilities					
Consideration payable	**RMB29,274,000**	RMB44,524,000	Level 3	Quoted bid prices in an active market, reduced by expected shortfall of actual profits of Bright Leap against guaranteed profits	Probability-adjusted profits (Note 2)
Derivative component in relation to the convertible bonds issued by the Group	**RMB27,131,000**	–	Level 3	Black Scholes option pricing model	Expected volatility (Note 3)

Notes:

1. A slight increase in the expected volatility would not result in a significant increase in the fair value measurement of the convertible bonds, and vice versa.

2. A significant decrease in the probability-adjusted profits used in isolation would result in a significant decrease in the fair value measurement of the consideration payable. A 10% decrease in the probability-adjusted profits holding all other variables constant would decrease the carrying amount of the consideration payable by RMB444,000.

3. A slight increase in the expected volatility used in isolation would result in a significant increase in the fair value measurement of the conversion option derivatives, and vice versa. A 5% increase in the volatility holding all other variables constant would increase the carrying amount of the conversion option derivatives by RMB1,041,000.

22. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the current interim period, the Group entered into the following transactions with a related company, which is controlled by Mr. Lai Tse Ming, the Controlling Shareholder.

	Six months ended 30 September 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Rental expense	**117**	112

(b) 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 months ended 30 September 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Short term benefits	**4,939**	3,441
Contribution to retirement benefits schemes	**106**	121
Equity-settled share-based payments	**8,335**	5,541
	13,380	9,103

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

23. EVENTS AFTER THE REPORTING PERIOD

On 7 August 2019, the Company has proposed to grant in aggregate 20,000,000 share options to Ms. Cheng Yan ("Ms. Cheng"), an executive director and vice chairperson of the Company, to subscribe for 20,000,000 shares pursuant to the share option scheme at the exercise price of HK$1.6, for a validity period of 4 years from the date of grant. The resolution on the proposed grant of share options to Ms. Cheng was approved by the independent shareholders at the extraordinary general meeting held on 15 October 2019.

In October 2019, Wonderful Splendor Limited, a wholly-owned subsidiary of the Company, has completed the acquisition of 15% equity interest of Good Cheer Ventures Limited at the consideration of RMB22,470,000 (equivalent to approximately HK$26,265,000).

OTHER INFORMATION

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted our Company's Code on terms no less exacting than the required standard set out in the Model Code. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code during the Period.

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.

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 resolved not to declare any interim dividend for the six months ended 30 September 2019 (for the six months ended 30 September 2018: nil).

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 6 December 2017 and at the extraordinary general meeting held on 15 October 2019, the refreshment of the Scheme Mandate Limit under the Share Option Scheme was approved by the Shareholders, and the approval for the listing of, and permission to deal in, the new Shares to be allotted and issued upon exercise of any share options to be granted under the refreshed limit of the Share Option Scheme has been granted by the Stock Exchange. The limit on the grant of share options under the Share Option Scheme by the Company has been refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the extraordinary general meeting, and the share options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised share options) would not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. As at the date of the approval at the extraordinary general meeting, there were 410,927,509 Shares in issue. The maximum number of Shares that could be allotted and issued upon the exercise of share options which might be granted by the Company pursuant to the Share Option Scheme under the refreshed Scheme Mandate Limit would be 41,092,750, being 10% of the total number of issued Shares as at the date of passing of the resolution approving the said refreshment at the extraordinary general meeting. Since the Company has not granted any share options under the refreshed 10% Scheme Mandate Limit as at the date of this report, the outstanding number of share options available for issue under the existing Scheme Mandate Limit is 41,092,750, representing approximately 10% of the total issued Shares, at the date of this report.

The maximum number of Shares which may be issued upon exercise of all share options granted and/or to be granted under the Share Option Scheme is 121,092,750 Shares of the Company, representing approximately 29.5% of the total number of issued Shares as at the date of this report.

OTHER INFORMATION

Details of the share options granted or proposed to be granted and outstanding during the Period were:

		Number of share options										
			During the Period									
Name and/ or category of grantees	Date of grant or proposed grant of share options	Outstanding as at 1 April 2019	Granted or proposed to be granted	Exercised	Cancelled	Lapsed	Outstanding as at 30 September 2019	Vesting Period of share options	Exercisable period of shares options	Exercise price per Share *HK$*	Closing price per Share immediately before the date of grant or proposed grant *HK$*	
Directors												
Ms. Cheng	7 August 2019	–	6,000,000	–	–	–	6,000,000	7 August 2019– 6 August 2020	7 August 2020– 6 August 2023	1.6	1.45	*(Note 1)*
Ms. Cheng	7 August 2019	–	6,000,000	–	–	–	6,000,000	7 August 2019– 6 August 2021	7 August 2021– 6 August 2023	1.6	1.45	*(Note 1)*
Ms. Cheng	7 August 2019	–	8,000,000	–	–	–	8,000,000	7 August 2019– 6 August 2022	7 August 2022– 6 August 2023	1.6	1.45	*(Note 1)*
Mr. Lai	17 February 2019	6,000,000	–	–	–	–	6,000,000	17 February 2019– 16 May 2019	17 May 2019– 16 February 2022	1.6	1.6	*(Note 2)*
Mr. Lai	17 February 2019	6,000,000	–	–	–	–	6,000,000	17 February 2019– 16 February 2020	17 February 2020– 16 February 2022	1.6	1.6	*(Note 2)*
Mr. Lai	17 February 2019	8,000,000	–	–	–	–	8,000,000	17 February 2019– 16 February 2021	17 February 2021– 16 February 2022	1.6	1.6	*(Note 2)*
Mr. Gao Weilong ("**Mr. Gao**")	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Gao	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Gao	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Teng Feng ("**Mr. Teng**")	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Teng	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Teng	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Yu Kin Keung ("**Mr. Yu**")	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Yu	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Yu	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 3)*
Consulting firm												
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 3)*
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 3)*
Chatwin Capital Services Limited	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 3)*
Employees	29 June 2018	7,200,000	–	–	–	–	7,200,000	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 3)*
Employees	29 June 2018	7,200,000	–	–	–	–	7,200,000	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 3)*
Employees	29 June 2018	9,600,000	–	–	–	–	9,600,000	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 3)*
Total		60,000,000	20,000,000	–	–	–	80,000,000					

Notes:

1. On 7 August 2019, the Board proposed to grant 20,000,000 share options to Ms. Cheng in aggregate. At the extraordinary general meeting held on 15 October 2019, the resolution in respect of approving the proposed grant of share options to Ms. Cheng was duly passed by Shareholders by the way of poll. Further details are set out in the announcements of the Company dated 7 August 2019 and 15 October 2019, as well as the circular of the Company dated 17 September 2019. All granted or outstanding share options granted to Ms. Cheng shall lapse on 7 August 2023.

2. On 17 February 2019, the Board proposed to grant 20,000,000 share options to Mr. Lai in aggregate. At the extraordinary general meeting held on 17 May 2019, the resolution in respect of approving the proposed grant of share options to Mr. Lai was duly passed by Shareholders by the way of poll. Further details are set out in the announcements of the Company dated 17 February 2019 and 17 May 2019, as well as the circular of the Company dated 25 April 2019. All granted or outstanding share options granted to Mr. Lai shall lapse after 16 February 2022.

3. All granted or outstanding share options granted to the grantees shall lapse after 28 June 2021.

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

As at 30 September 2019, the interests and short positions of the Directors and chief executives 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, were as follows:

Long positions in the Shares

Name of Director	Capacity/Nature of interests	Number of Shares held/interested in	Underlying Shares (under equity derivatives of the Company) *(Note 3)*	Percentage of shareholding/ interests *(Note 1)*
Mr. Lai	Interest of controlled corporation *(Note 2)*	323,220,000 *(Notes 4, 6)*	20,000,000	83.52% *(Notes 4 & 5)*
Mr. Gao	Beneficial owner *(Note 3)*	–	4,000,000	0.97%
Mr. Teng	Beneficial owner *(Note 3)*	–	4,000,000	0.97%
Mr. Yu	Beneficial owner *(Note 3)*	–	4,000,000	0.97%

Long positions in the ordinary shares of an 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 5)*	13,000,000 *(Note 6)*	100%

Notes:

1. The percentage of shareholding is calculated based on 410,927,509 Shares in issue as at 30 September 2019.

2. These 323,220,000 Share interests are held by Shine Well, a company incorporated in BVI with limited liability on 31 August 2007. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai.

3. Details of share options held by Directors are set out in the section headed "Share Option Scheme".

4. In the disclosure of those 323,220,000 Share interests, 100,000,000 Shares were related to the subscription agreement entered into between the Company and Shine Well on 17 February 2019, pursuant to which, Shine Well has conditionally agreed to subscribe 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 will be completed in two stages with 50,000,000 subscription shares in each of the First Stage Subscription and the Second Stage Subscription. Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. The estimated net proceeds from the subscription will be up to approximately HK$149,000,000 (after deducting all related expenses), and therefore the net issue price per subscription share is approximately HK$1.49. Further details are set out in the Company's announcements dated 17 February 2019 and 17 May 2019, and the circular dated 25 April 2019. As at 30 September 2019, the conditions precedent for the First Stage Subscription and the Second Stage Subscription as set out in the subscription agreement were not fulfilled.

5. Shine Well is wholly and beneficially owned by Mr. Lai.

6. On 29 January 2019, Shine Well entered into a mortgage of shares with Fortune Finance Limited in respect of an aggregate of 223,220,000 Shares and any additional Shares of the Company in which Shine Well are beneficially interested from time to time ("**Mortgage of Shares of the Company**"), while Mr. Lai entered into a mortgage of shares with Fortune Finance Limited in respect of 13,000,000 shares of Shine Well. The purpose of such mortgages of shares is to fulfill the commitment to Fortune Finance Limited made by Shine Well in the financing agreement ("**Financing Agreement**") in relation to a fixed-term loan in the principal amount of HK$155,000,000 at interest rates of 12% per annum for a term of 12 months from 30 January 2019 (inclusive), in which Mr. Lai acts as the guarantor. Unless the Financing Agreement is extended, the Mortgages of Shares of the Company shall expire prior to the completion of the subscription. Therefore, number of shares held/interested in excludes the subscription shares. The Mortgages of Shares of the Company provides guarantee for the Financing Agreement, which started from 30 January 2019 (inclusive) for a term of 12 months. Therefore, unless Fortune Finance Limited approves of extending the term of the Financing Agreement in advance upon the written application by Shine Well, the Mortgages of Shares of the Company shall expire prior to the First Stage of Subscription. So far, Shine Well has no plan to extend the Financing Agreement or pledge the subscription shares upon the completion of the subscription.

Save as disclosed herein, as at 30 September 2019, none of the Directors and chief executive of the Company, or any of their spouses, or children under 18 years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 30 September 2019, as far as known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives 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:

Substantial Shareholders' long positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/interested in	Underlying Shares (under equity derivatives of the Company) *(Note 3)*	Percentage of shareholding *(Note 1)*
Shine Well *(Note 2)*	Beneficial owner	323,220,000 *(Note 4)*	–	78.65% *(Note 4)*
Ms. Ho Fung Lin ("**Ms. Ho**") *(Note 2)*	Interests of spouse	323,220,000 *(Note 4)*	20,000,000	83.52% *(Note 4)*
China Fortune Financial Group Limited	Interests in a controlled corporation	223,220,000 *(Note 5)*	–	54.32% *(Note 5)*
Fortune Financial (Holdings) Limited	Interests in a controlled corporation	223,220,000 *(Note 5)*	–	54.32% *(Note 5)*
Fortune Finance Limited	Security interests in shares	223,220,000 *(Note 5)*	–	54.32% *(Note 5)*

Other persons' long positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/interested in	Percentage of shareholding *(Note 1)*
Value Convergence Holdings Limited *(Note 6)*	Beneficial owner and interests in a controlled corporation	32,606,000	7.93%
VC Group Holdings Limited *(Note 6)*	Interests in a controlled corporation	31,500,000	7.66%
Century Race Investments Limited ("**Century Race**") *(Note 6)*	Beneficial owner	31,500,000	7.66%

Notes:

1. The percentage of shareholding is calculated based on 410,927,509 Shares in issue as at 30 September 2019.

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. Details of share options are set out in the section headed "Share Option Scheme".

4. In the disclosure of those 323,220,000 Share interests, 100,000,000 Shares were related to the subscription agreement entered into between the Company and Shine Well on 17 February 2019, pursuant to which, Shine Well has conditionally agreed to subscribe 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 will be completed in two stages with 50,000,000 subscription shares in each of the First Stage Subscription and the Second Stage Subscription. Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. The estimated net proceeds from the subscription will be up to approximately HK$149,000,000 (after deducting all related expenses), and therefore the net issue price per subscription share is approximately HK$1.49. Further details are set out in the Company's announcements dated 17 February 2019 and 17 May 2019, and the circular dated 25 April 2019. As at 30 September 2019, the conditions precedent for the First Stage Subscription and the Second Stage Subscription as set out in the subscription agreement were not fulfilled.

5. On 29 January 2019, Shine Well entered into a mortgage of shares with Fortune Finance Limited in respect of an aggregate of 223,220,000 Shares and any additional Shares of the Company in which Shine Well are beneficially interested from time to time ("**Mortgage of Shares of the Company**"), while Mr. Lai entered into a mortgage of shares with Fortune Finance Limited in respect of 13,000,000 shares of Shine Well. The purpose of such mortgages of shares is to fulfill the commitment to Fortune Finance Limited made by Shine Well in the financing agreement ("**Financing Agreement**") in relation to a fixed-term loan in the principal amount of HK$155,000,000 at interest rates of 12% per annum for a term of 12 months from 30 January 2019 (inclusive), in which Mr. Lai acts as the guarantor. Unless the Financing Agreement is extended, the Mortgages of Shares of the Company shall expire prior to the completion of the subscription. Therefore, number of shares held/interested in excludes the subscription shares. The Mortgages of Shares of the Company provides guarantee for the Financing Agreement, which started from 30 January 2019 (inclusive) for a term of 12 months. Therefore, unless Fortune Finance Limited approves of extending the term of the Financing Agreement in advance upon the written application by Shine Well, the Mortgages of Shares of the Company shall expire prior to the First Stage of Subscription. So far, Shine Well has no plan to extend the Financing Agreement or pledge the subscription shares upon the completion of the subscription.

6. Century Race is wholly and beneficially owned by VC Group Holdings Limited. VC Group Holdings Limited, a company incorporated in the BVI, is wholly and beneficially owned by Value Convergence Holdings Limited, a company listed on the Main Board (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.

Save as disclosed above, and as at 30 September 2019, the Directors were not aware of any persons (other than the Directors and chief executives 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

CHANGE OF INFORMATION OF THE DIRECTORS

The changes of information of the Directors since the date of the 2019 annual report of the Company and since 7 August 2019 on which Ms. Cheng was appointed as an executive Director and the vice chairperson of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Lai Tse Ming

- Mr. Lai is a director of each of the Company's subsidiaries (excluding IBO Shenzhen Digital Limited* (深圳艾伯數字有限公司), each member of Weitu Group, IBO Intelligent (Shenzhen) Limited* (艾伯智能(深圳)有限公司), IBO Shenzhen Digital Limited* (深圳市艾伯信息科技有限公司) and IBO Communication) at the date of this report.

Mr. Gao Weilong

- Mr. Gao has ceased to be a chairman of the Company's subsidiary, IBO Shenzhen Digital Limited* (深圳市艾伯信息科技有限公司), since September 2019.

Mr. Yu Kin Keung

- Mr. Yu has served as a director of Good Cheer and Sunny Ford Technology Limited, both of which are the investment companies of the Company, since October 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed in this interim report, the Company, its holding company or any of its subsidiaries had not entered into any arrangements at any time during the Period to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) or their respective associates to acquire benefits by means of acquisitions of Shares in, and/or debt securities (including the debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO)).

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 REPORT

The audit committee of the Company consists of 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 and interim report for the six months ended 30 September 2019 have been reviewed by the audit committee. The audit committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosures have been made.

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

Hong Kong, 11 November 2019

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

DEFINITIONS

In this report, 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 Technology Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2708)
"Company's Code"	a code of conduct regarding Directors' transactions in securities of the Company
"Consideration Share(s)"	up to 27,318,773 new Shares to be allotted and issued to Wisdom Galore at the Issue Price under the General Mandate, the number of which shall be adjusted according to the terms of the sale and purchase agreement, details are set out in the announcements of the Company dated 13 and 21 September 2018
"Director(s)"	the director(s) of the Company
"Fangyu Yunwei"	Jiangxi Fangyu Yunwei Network Technology Co., Ltd.* (江西方宇運維網絡科技有限公司), a company established in the PRC with limited liability
"General Mandate"	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 27 August 2018 to allot and issue up to 80,000,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hunan Yingding"	Hunan Yingding Network Co., Ltd.* (湖南盈鼎網絡有限公司), a company established in the PRC with limited liability
"IBO Communication"	Shenzhen IBO Communication Company Limited* (深圳市艾伯通信有限公司), a subsidiary of the Company
"IBO Information"	IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a wholly-owned subsidiary of the Company
"Issue Price"	HK$2.0, being the issue price per Consideration Share
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

DEFINITIONS

"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China which, for the purposes of this report, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region
"RMB"	Renminbi, the lawful currency of the PRC
"Scheme Mandate Limit"	the maximum number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme, which shall mean (i) in aggregate not exceeding 10% of the total number of Shares in issue as at the date of completion of the Global Offering and the Capitalisation Issue (as defined in the prospectus of the Company dated 14 December 2017); or (ii) if such limit in (i) above is to be refreshed thereafter, not exceeding 10% of the total number of Shares in issue as at the date of approval of the refreshed limit by the Shareholders
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Weitu Group"	collectively, Weitu Technology, Yunwei Network, Hunan Yingding and Fangyu Yunwei
"Weitu Technology"	Shenzhen Weitu Technology Development Co., Ltd.* (深圳市偉圖科技開發有限公司), a company established in the PRC with limited liability
"Yunwei Network"	Shenzhen Yunwei Network Co., Ltd.* (深圳市運維網絡有限公司), a company established in the PRC with limited liability
"%"	per cent

* *For identification purposes only*