

**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



**2021/2022**  
**Interim Report**

# CORPORATE PROFILE

The Group is a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing 5G communication equipment and private network solutions, ITAI IT terminal products and industry solutions, IoT products and solutions, as well as industrial digital solutions in the PRC. Classified by form of product/service, the business of the Group can be divided into four types, namely (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services. The customers of the Group are from both the public and private sectors in the PRC, such as the PRC governmental authorities, large-scale state-owned enterprises and private enterprises.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lai Tse Ming (*Chairman*)  
Mr. Gao Weilong (*Chief Executive Officer, Deputy Chairman*)  
Mr. Liang Jun (*Deputy Chairman*)  
Mr. Teng Feng  
Mr. Yu Kin Keung

### Independent Non-executive Directors

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

## 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 (*Member of HKICPA*)

## AUTHORISED REPRESENTATIVES

Mr. Lai Tse Ming  
Mr. Yu Kin Keung

## PRINCIPAL BANKS

China Construction Bank Corporation  
Industrial Bank Co., Ltd.  
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

4/F, Block C, Unis Inforport  
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

# CORPORATE INFORMATION

## 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

## 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

[www.ibotech.hk](http://www.ibotech.hk)

## STOCK CODE

2708

## CONTACT INFORMATION

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Tel	(852) 2308 1266
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# CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2021 (the “**Period**”), together with the comparative figures for the six months ended 30 September 2020.

The Group's successful turnaround during the Period was attributable to the concerted efforts of all staff of the Group, who demonstrated outstanding adaptability to better fulfil the needs of our existing and new customers in an ever-changing environment, with their comprehensive industry knowledge and extensive market resources. Underpinned by favourable national policies, the Group's is dedicated to broaden its customer base and enhance customer loyalty. Benefited from the rapid recovery of economic activities, the Group successfully achieved strong growth in various business during the Period, of which the two major business segments, namely, intelligent terminal products sales and software development, performing particularly well and recording notable growth in segment revenue of approximately 22.4% and approximately 255.9% respectively over the corresponding period of 2020. Besides, the Group's revenue for the Period increased significantly by 39.7% from approximately RMB190.67 million of the corresponding period of 2020 to approximately RMB266.28 million. The Group's gross profit for the Period increased by 50.0% to approximately RMB66.85 million (corresponding period of 2020: RMB44.56 million), while its gross profit margin was 25.1%, representing an increase of 1.7% as compared to 23.4% of the corresponding period of 2020. The Group's profit attributable to owners of the Company for the Period was approximately RMB4.37 million, as compared to loss attributable to owners of the Company of approximately RMB15.45 million for the Period.

At present, the PRC's 5G development has gradually taken the lead in the world. As of the end of September 2021, the number of 5G base stations in the PRC has reached 1.159 million. The central government has also accelerated the expansion of industrial Internet and integration and innovative applications of 5G technology in the key industries of the national economy, emphasizing that the construction of 5G network for 10 key industries will be the focus to form 20 major and typical industrial application scenarios. According to the “5G Application “Sailing” Action Plan (2021–2023)” (《5G應用「揚帆」行動計劃(2021–2023年)》), 5G industry application is the country's development focus in the next three years, with three major indicators, namely 5G penetration rate reaching more than 35% in large industrial enterprises by 2023; the number of 5G demonstration application benchmarks of each key industry reaching more than 100; the annual average growth rate of 5G Internet of things (IoT) terminal users reaching more than 200%. In the beginning of this year, the Group has officially obtained the telecommunications equipment network access license issued by the Ministry of Industry and Information Technology of the PRC (“**MIIT**”) which covers the 5G frequency bands of the three major operators, namely China Mobile Communications Group Co., Ltd. (“**China Mobile**”), China Telecommunications Corporation (“**China Telecom**”) and China United Network Communications Group Company Limited (“**China Unicom**”), making us as one of the few companies possessing these types of network access license in the current market and helping us to successfully take a major step forward for our 5G business. While the construction of 5G small base stations and DAS system is heading to a period of explosive growth, we will step up our efforts to fully grasp and exploit the golden opportunity brought by the rapid development of 5G construction of the PRC.

The Group is also committed to strengthening its cooperation with different industry partners and accumulating more application experience of 5G technology in various industries. In June 2021, the Group established a strategic partnership with Shenzhen Alba Culture and Sports Development Company Limited (“**Alba Culture and Sports Development**”), which operates and manages individually and jointly over 6,600 e-sports stadiums and over 2,000 e-sports hotels across the country. The two strong powers cooperate and complement each other with their own advantages, giving full play to the synergy among both sides. In November 2021, the Group deepened the cooperation with Alba Culture and Sports Development once again by entering into a 5G technology application cooperation contract for e-sports stadiums of a well-known e-sports brand in respect of cooperation on the application of IBO Communication's 5G technology in the construction and operation of Alba Culture and Sports Development's “e-sports stadiums” of the well-known e-sports brand after friendly negotiations.

# CHAIRMAN'S STATEMENT

The PRC's information technology application innovation ("ITAI") industry is also attracting increasing market attention and has developed into a new phenomenal trend. The escalation of trade conflicts has also become a catalyst for the central government to accelerate the expansion of the ITAI industry and promote replacement by domestic production, highlighting the urgency and necessity for the central government to invest heavily in technological innovation and develop the capability of self-reliance for key technologies. The trend of the replacement by domestic production is emerging. The Group has the advantages of independent research and development and the use of domestically-produced components, and the rich experience in the business of domestic production of IT infrastructure hardware such as notebook computers and mobile terminals. With the further increase in the proportion of domestic production in the purchase orders of enterprises in key industries, the Group will be benefited from the increasing market gap and its market share is expected to increase.

Against the backdrop of favourable policy support and an oversupply of products, the Group, being the leading industrial digitalisation solutions provider in the industry, will continue to focus on providing 5G communication equipment and private network solutions, ITAI IT terminal products and industry solutions, IoT products and solutions, and industrial digitalisation solutions in the PRC. We will integrate and innovate 5G, ITAI IT and IoT technologies to achieve complementary advantages and synergy among our business, leverage our unique strengths with an aim to provide the most comprehensive one-stop industrial digitalisation solutions to our new and existing customers.

Looking ahead, although the recent outbreak of the virus variant has added uncertainty to the global economic outlook and slowed down the economic recovery, we are confident that the fundamentals of the PRC's sustained economic growth will remain unchanged as the pandemic outbreak in the PRC is largely under control. Driven by the national direction of a "Digital China", the accelerated expansion of 5G and ITAI industry is the general trend. The Group will capitalise the first-mover advantage and follow the trend, integrate resources to optimise business development and further expand the market share of our business. By actively promoting the synergistic development of our three business segments, actively identifying suitable merge and acquisition targets with strong synergies with our existing principal business, while stepping up efforts to explore quality projects in the PRC and overseas, the Group will build a broader moat for its business through a multi-pronged approach.

Finally, on behalf of the Board, I would like to express my sincerest gratitude to all our employees, partners and Shareholders for their full support and trust. We firmly believe that while challenges are common, new opportunities for development are bound to arise in the midst of them. The management team will continue to lead the Group to stride forward and drive our business development to the next level on multiple tracks to realise long-term value for our Shareholders.

**Mr. Lai Tse Ming**

*Chairman & Executive Director*

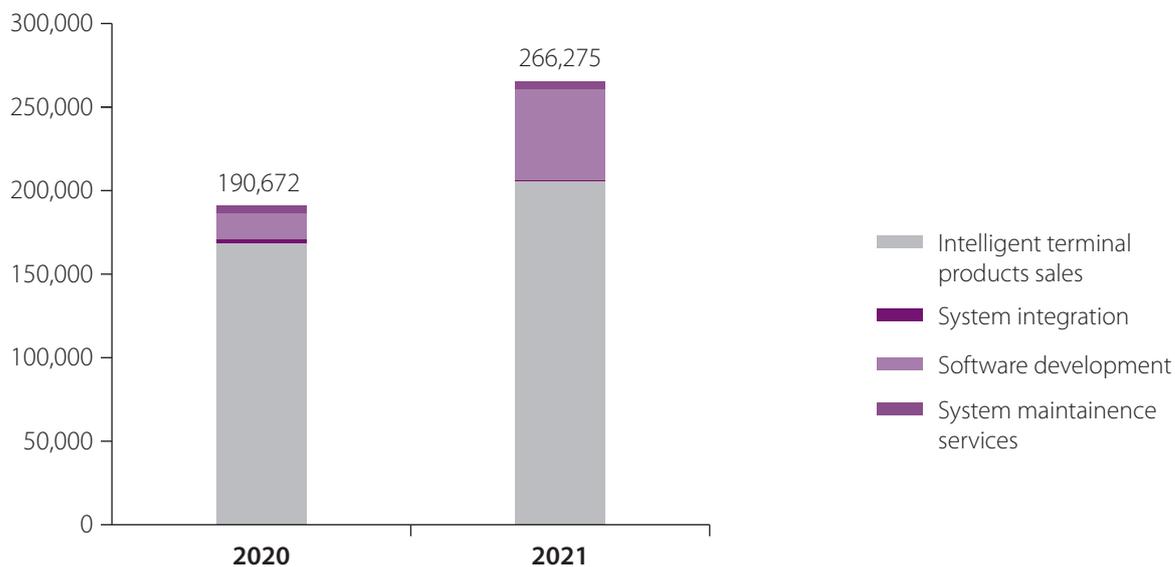
Hong Kong, 30 November 2021

# FINANCIAL HIGHLIGHTS

## Revenue by Business Segments

Increase   
**+39.7%**

RMB'000

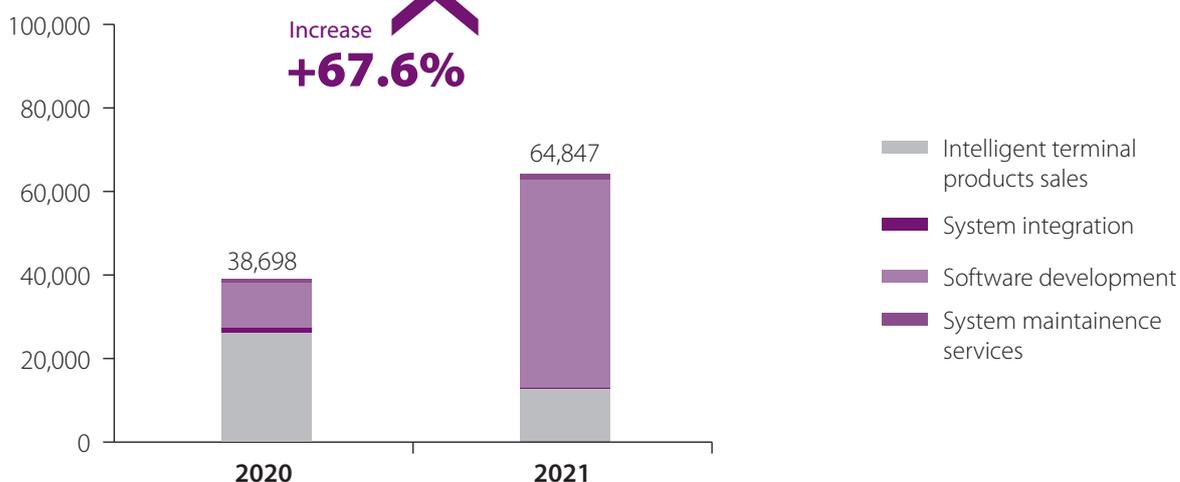


For the six months ended  
30 September

## Gross Profit by Business Segments

Increase   
**+67.6%**

RMB'000



For the six months ended  
30 September

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

In recent years, the central government has frequently launched policies to promote digitalisation and domestic production. Various aspects including 5G communications, ITAI and industrial digitalisation show huge growth potential and rapid development opportunities.

- **Accelerating digitalisation development for the establishment of a Digital China**

As driven by the new wave of technological revolution, we are accelerating the establishment of a digital society. As stated in “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035” (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), we shall get well-positioned for the digital era, unlock the potential of data, take forward the building of cyberpower of the country, accelerate the construction of a digital economy, digital society and digital government, and drive changes in the model of production, lifestyle and governance with digital transformation as a whole; we shall fully leverage the advantages of massive data and extensive application scenarios, facilitate the deep integration of digital technology and the real economy, empower the transformation and upgrade of traditional industries, foster the development of new industries, new business and new models and grow the new driving force of economic development; we shall also strengthen the innovative application of key digital technologies, accelerate digital industrialisation and press ahead industrial digital transformation, develop and expand emerging digital industries such as artificial intelligence, big data, block chain, cloud computing, network security, etc., and enhance the strength of other industries including communication equipment, core electronic components and key software, etc.; we shall build 5G-based application scenarios and industrial ecology. Pilot demonstrations will be conducted in key areas such as intelligent transportation, smart logistics, smart energy, and smart healthcare.

The introduction of the “5G Application “Sailing” Action Plan (2021–2023)” (《5G應用「揚帆」行動計劃(2021–2023年)》) and the “Notice on Accelerating the Development of 5G”(《關於推動5G加快發展的通知》) in recent years reflected the central government’s emphasis on the development and planning of the 5G industry and its determination to expedite the progress of digital transformation in key industries, while national policies such as “Report on the Work of the Government” for the year 2021 and the “14th Five-Year Plan” further emphasises PRC’s commitment in stepping up 5G construction, expanding application scenarios, and steadily advancing 5G technology development in different industries. The advantages of digital economy have been highlighted under the shock of the pandemic, driving the acceleration of digital transformation of many traditional industries to enhance their risk resistance. Being the important network security for digitalisation construction, 5G is an important component for the new infrastructure, while 5G network construction and 5G industry application are expected to enter a golden period of growth.

According to the MIIT, by the end of 2020, the total number of mobile phone base stations in PRC reached 9.31 million, and the 5G network had covered cities at or above the prefecture level and key counties and cities across the country; by the end of September 2021, the number of 5G base stations in PRC reached 1.159 million, the number of 5G terminal connections reached 450 million, and the gigabit optical network had the capacity to cover more than 200 million households.

# MANAGEMENT DISCUSSION AND ANALYSIS

- **Accelerating the expansion of ITAI industry and domestic replacements**

The ITAI industry, i.e., the information technology application innovation industry, includes the bottom-up security and control of the whole IT industrial chain from the basic hardware and software at the bottom to the application software at the top. In order to solve the problems of core technology “bottleneck” and “reliance on other parties”, the innovative development of information technology applications is now a national strategy and a new driving force for national economic development under the current situation.

At this critical time when the global industry is upgrading from industrialisation to digitalisation, PRC has clearly proposed a “Digital China” construction strategy to seize the technological pioneering advantage in the next era. The core development of ITAI industry lies in the construction of an infrastructure system comprised of domestically-produced information technology software and hardware at the bottom and a full-cycle ecological system as driven by industry applications, solving the problem of reliance on other parties in key technological aspects and laying a solid digital foundation for PRC’s future development. In September 2020, the National Development and Reform Commission of the PRC, the Ministry of Science and Technology of the PRC and the MIIT jointly issued “Guiding Opinions on Expanding Investment in Strategic Emerging Industries and Cultivating and Strengthening New Growth Points and Growth Poles” (《關於擴大戰略性新興產業投資培育壯大新增長點增長級的指導意見》), which calls for accelerating the achievement of breakthroughs in core technologies such as key chips and key software, vigorously promoting the construction of key projects and programs, and actively expanding reasonable and effective investment. The “14th Five-Year Plan” also mentions that the development of digitalisation will be accelerated, and the local governments are actively devising their plans for the ITAI industry, formulating industrial policies and development plans for the ITAI industry, and supporting enterprises to develop the ITAI industry. State-owned enterprises have also commenced cross-industry and cross-field scientific research cooperation and innovative technology to vigorously develop the ITAI industry and enhance the stability and competitiveness of the industrial supply chain. The markets of the four fields, including IT infrastructure, application software, information security and basic software are developing rapidly.

The central government has incorporated the ITAI industry into the national development strategy and proposed the “TWO (the party and the government) + EIGHT (other eight industries such as finance and telecommunications) development system” approach. With the successful demonstration of the party and the central government in the market, important industries such as finance, telecom, electricity and transportation have gradually started the application of ITAI products and projects. The development of ITAI market was accelerated from the party and the central government to the industry. According to the data of Guan Yan Tian Xia\* (觀研天下), the market size of PRC’s ITAI market was RMB1.05 trillion in 2020. With the focus of national policies in this aspect, the market size of the industry will keep growing and is expected to reach RMB1.3 trillion in 2025 at a steady pace. Against this backdrop, the proportion of domestic procurement orders from enterprises in key industries is expected to increase, driving the market demand for domestic technology hardware and software.

Underpinned by favourable national policies, the demand for the Group’s three business segments — 5G (communications equipment and private network solutions), ITAI IT (terminal products and industrial solutions) and Internet of Things (IoT) (products and solutions) have increased significantly. In view of the close interconnection and synergy among these three major business segments in terms of underlying technologies, application technologies, supply chains, projects and business models, the Group has integrated and innovated 5G, ITAI IT and IoT technologies to form new business models and industrial ecologies, providing one-stop digital solutions for customers in different industries, so as to effectively leverage its own strengths and comprehensive technological capabilities to maximise value creation as a whole.

With nearly 20 years of commitment and experience in the industry, the Group has accumulated thorough industry/customer knowledge and extensive market resources in providing informatised and intelligent IoT products and solutions to industrial users, allowing the Group to better utilise its pioneering advantages in 5G and ITAI IT in providing innovative digital solutions for industrial users for digital transformation by capitalising the opportunities offered by national policies and market. Riding on the support from policies and trend of technology and industrial development, the Group pushed forward the rapid development of various businesses during the Period.

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing 5G communication equipment and private network solutions, IT/IT terminal products and industry solutions, IoT products and solutions, as well as industrial digital solutions in the PRC. Classified by form of product/service, the business of the Group can be divided into four types, namely (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services. The customers of the Group are from both the public and private sectors in the PRC, such as the PRC governmental authorities, large-scale state-owned enterprises and private enterprises.

### Revenue breakdown by business segments:

	For the six months ended 30 September			
	2021 (unaudited)		2020 (unaudited)	
	RMB'000	%	RMB'000	%
Intelligent terminal products sales	206,258	77.5	168,507	88.3
System integration	17	0.0	2,385	1.3
Software development	54,916	20.6	15,434	8.1
System maintenance services	5,084	1.9	4,346	2.3
Total	266,275	100.0	190,672	100.0

### Intelligent terminal products sales

During the Period, the Group was committed to developing, producing and selling customised IoT intelligent terminal products to customers. With the pandemic largely under control in PRC in the first half of 2021, the market expected that the rollout of vaccines and the gradual easing of lockdown measures by governments around the world would help boost the global economic recovery. Benefitting from a rapid recovery in economic activity, the revenue from the Group's intelligent terminal products sales business significantly increased during the Period, with revenue of approximately RMB206.26 million (corresponding period of 2020: approximately RMB168.51 million), representing a year-on-year increase of approximately 22.4%, which accounted for 77.5% of the Group's total revenue.

During the Period, the Group's major customers included (i) a Beijing-based technology company mainly engaged in IoT business, to which the Group sold electronic products, such as handheld RFID scanning equipment, electronic tags, RFID handheld device management software, and fixed readers, etc.; (ii) a Shenzhen-based integrated supply chain management company, to which the Group sold integrated circuits; (iii) a Shanghai-based information technology company, to which the Group sold electronic products, such as PLBiz (信領) digital certificate application security support platform system, local field control system, etc.; and (iv) a Hong Kong-based company engaged in provision of integrated supply chain services, to which the Group sold memory chips.

# MANAGEMENT DISCUSSION AND ANALYSIS

## System integration

Based on analysis and assessment of customers' needs, the Group provides comprehensive and customised system solutions to its customers by applying IoT and related technologies, including overall system planning, development and design, procurement of system equipment, integration of software and hardware devices of the system, system implementation, trial operation and system management and maintenance, etc. Given that the revenue of the system integration business was derived from one-off project and the revenue fluctuated as compared with that of other segments, the Group's system integration business contracted during the Period, with revenue of approximately RMB0.02 million (the corresponding period of 2020: approximately RMB2.39 million), representing a year-on-year decrease of approximately 99.2%, which accounted for 0.0% of the Group's total revenue.

During the Period, the Group's major customers included a Shenzhen-based school, to which the Group provided an online fire monitoring and warning management system project. The project involved the construction of a 24-hour online monitoring and warning management system for fire pool water level, pipeline pressure, electrical lines, excess current, temperature, fire extinguisher pressure, smoke and combustible gas on campus, including survey and design, functional design, equipment installation, system deployment and commissioning, and training services.

## Software development

In line with the business and management requirements of its customers, the Group plans and designs the software system framework and function list for them in order to provide customised software application development services. With strong software development capabilities, the Group has been providing quality software application development services to customers in different industries over the years. In addition to maintaining long-term and strategic relationships with existing customers, the Group is also actively exploring new customers to expand its customer base and drive sales. During the Period, the Group's software development business continued to expand with revenue of approximately RMB54.92 million (the corresponding period of 2020: approximately RMB15.43 million), representing a significant increase of approximately 255.9%, which became the fastest-growing business of the Group during the Period, and accounted for 20.6% of the Group's total revenue.

During the Period, the Group's major customers included: (i) a Beijing-based technology company, to which the Group developed the "centralised treasury payment electronic management system", including the fiscal business sub-system, agency bank sub-system, clearing bank sub-system, budget unit sub-system, dynamic monitoring sub-system, data interface sub-system, and system management sub-system; (ii) a Shanghai-based information technology company, to which the Group developed the "cloud platform comprehensive monitoring management system", to which the Group was responsible for completing the design, development, delivery, training and other related services of the software; (iii) a Beijing-based technology company, to which the Group developed a "data access and governance platform", including data management sub-system, data mining and analysis sub-system, data display sub-system and system management sub-system; (iv) a Zhenjiang-based information technology company, for which the Group developed the "Power Monitoring System for the Smart Park" and was responsible for completing the design, development, delivery, training and other related services of the software; and (v) a Guangzhou-based digital technology company, to which the Group developed the "Operation and Maintenance Guarantee System Development Project", including asset management system, equipment management system, integrated operation management platform, IoT control platform and visual operation management platform.

# MANAGEMENT DISCUSSION AND ANALYSIS

## System maintenance services

The Group provides system maintenance services for both software and hardware of information systems encompassing maintenance and management for system devices, database maintenance, daily monitoring on the systems and system upgrades. During the Period, the Group's system maintenance services maintained a steady growth, with revenue of approximately RMB5.08 million (the corresponding period of 2020: approximately RMB4.35 million), representing a year-on-year increase of approximately 16.8%, which accounted for 1.9% of the Group's total revenue.

During the Period, the Group's major customers included a petroleum company in the PRC, to which the Group provided information system and equipment maintenance services. The scope of services included oil card management and control system equipment, card issuance network equipment, Easy Joy convenience store network equipment, common invoice system equipment, central control system equipment, back office computer equipment, IoT system, self-service equipment, data as well as upgrade, training and technical consultation.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the Period increased by 39.7% to approximately RMB266.28 million (corresponding period of 2020: approximately RMB190.67 million), which was mainly benefited from the significant growth in the revenue of intelligent terminal products sales business of the Group for the Period as driven by the quick economic recovery, representing a year-on-year increase of approximately 77.5%.

### Gross profit and gross profit margin

The Group's gross profit increased by 50.0% to approximately RMB66.85 million for the Period (corresponding period of 2020: approximately RMB44.56 million), which was mainly benefited from the significant year-on-year increase of approximately 77.5% in the Group's revenue from the intelligent terminal products sales business during the Period as driven by the rapid recovery of economic activities. The gross profit margin increased by 1.7% to 25.1% as compared with last year (corresponding period of 2020: 23.4%), mainly due to the decrease in amortization expenses of intangible assets.

### Other income

The Group's other income for the Period mainly included (i) interest income from bank deposits; (ii) rental income; (iii) government grants; and (iv) others. Other income increased by 57.6% to approximately RMB4.13 million for the Period (corresponding period of 2020: approximately RMB2.62 million), which was mainly due to the increase in interest income from bank deposits for the Period.

### Other expenses

The Group's other expenses for the Period amounted to approximately RMB1.05 million (corresponding period of 2020: approximately RMB4,000), mainly related to the charitable donation of RMB1 million from IBO Communication.

### Other gains, net

The Group's other gains, net amounted to approximately RMB19.52 million for the Period (corresponding period of 2020: other losses, net of approximately RMB7.66 million). Such change was mainly due to (i) the gains from change in fair value on derivative component of convertible bonds for the Period while losses from change in fair value on derivative component of convertible bonds was recorded for the corresponding period of 2020; and (ii) the gains from change in fair value of consideration payables for the Period while losses from change in fair value of consideration payables was recorded for the corresponding period of 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Share of results of an associate

The Group did not record share of results of an associate during the Period because Shenzhen Tongtianhui Technology Company Limited\* 深圳市童天慧科技有限公司 (“Tongtianhui”) with 96.7742% of its issued share capital held by the Good Cheer Ventures Limited, in which the Group holds 15% of its issued share capital, completed the settlement of taxation on 24 August 2021 and formally completed the deregistration on 21 October 2021. Against the backdrop of the impact of the COVID-19 pandemic, in order to continue to regulate out-of-school training and effectively reduce the excessive burden of homework and out-of-school training on students at the compulsory education stage, the central government has issued “Opinions on Further Reducing the Burden of Homework and Out-of-School Training on Students at the Compulsory Education Stage” (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》). The domestic education and training industry is facing increasingly stringent regulation and small educational institutions are facing tough challenges. After careful consideration, the Group and the management of Tongtianhui considered that the business of Tongtianhui, which was mainly engaged in serving small educational institutions, involved certain risks and uncertainties and had poor development potential, and therefore decided to discontinue its business operations and to de-register the company. Further details of Tongtianhui are set out in the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

## Impairment losses under expected credit loss model, net of reversal

The Group’s impairment losses under expected credit loss model, net of reversal for the Period included changes in expected credit losses for financial assets such as trade receivables, other receivables and contract assets during the Period. During the Period, the impairment losses under expected credit loss model, net of reversal decreased by 65.9% to approximately RMB2.00 million (corresponding period of 2020: approximately RMB5.86 million), which was mainly due to the impairment losses under expected credit loss model, net of reversal of approximately RMB13.17 million was recorded for the year ended 31 March 2021, while the allowance for expected credit loss of trade receivables amounted to approximately RMB22.29 million as at 31 March 2021, therefore there was no further room for significant impairment.

## Distribution and selling expenses

The Group’s distribution and selling expenses were generally stable at approximately RMB3.82 million for the Period (corresponding period of 2020: approximately RMB3.98 million).

## Administrative expenses

The Group’s administrative expenses increased by 156.3% to approximately RMB49.31 million for the Period (corresponding period of 2020: approximately RMB19.24 million), which was mainly due to (i) the significant increase in the related share option expenses attributable to the grant of share options of the Group during the Period, further details are set out in the announcements of the Company dated 16 July 2021 and 20 August 2021; and (ii) the Group’s professional fees such as legal fees and consultation fees for the Period increased as compared to the corresponding period of 2020.

## Finance costs

The Group’s finance costs increased by 18.9% to approximately RMB10.57 million for the Period (corresponding period of 2020: approximately RMB8.89 million), which was mainly due to the increase in interest expenses for the Period resulting from the increase in total outstanding principal of bonds, bank borrowings and other borrowings as compared to last year by the Group during the Period (please refer to the section headed “Capital structure, liquidity and financial resources” in this report below for details).

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## Research and development expenses

The Group's research and development expenses increased by 21.7% to approximately RMB9.25 million for the Period (corresponding period of 2020: approximately RMB7.60 million), which was mainly due to the expansion of the research and development department of IBO Communication to devote more manpower resources to the research and development of protocol stack, hardware, products, testing capacities, and such 5G products.

## Income tax expense

The Group's income tax expense increased by 75.9% to approximately RMB8.97 million for the Period (corresponding period of 2020: approximately RMB5.10 million), which was mainly due to the increase in the profit before tax of IBO Information and Weitu Group, resulting in a corresponding increase in related income tax expenses.

## Profit attributable to owners of the Company

Based on the above factors, the Group recorded profit attributable to owners of the Company of approximately RMB4.37 million for the Period (corresponding period of 2020: loss attributable to owners of the Company of approximately RMB15.45 million), which was mainly due to (i) the significant growth of revenue and gross profit during the Period as driven by the substantial increase in the revenue from the sales of intelligent terminal products during the Period, as compared with the corresponding period of 2020; and (ii) the other gains, net recorded by the Group during the Period while net losses, net was recorded for the corresponding period of 2020.

## Capital structure, liquidity and financial resources

The Group has adopted a strict financial management policy, and its financial position remained sound. As at 30 September 2021, the Group's net current assets were approximately RMB496.23 million (31 March 2021: approximately RMB371.80 million).

As at 30 September 2021, the Group's bank balances and cash were approximately RMB225.80 million (31 March 2021: approximately RMB232.16 million) and pledged bank deposits were approximately RMB2.00 million (31 March 2021: approximately RMB6.00 million). The current ratio (a ratio of current assets to current liabilities) was approximately 2.1 times (31 March 2021: approximately 1.8 times).

As at 30 September 2021, the Group's total bank and other borrowings were approximately RMB51.92 million (31 March 2021: approximately RMB35.14 million).

The Company issued bonds in the aggregate principal amount of HK\$38,220,000 for the Period (corresponding period of 2020: HK\$21,550,000). On 30 September 2021, the outstanding aggregate principal amount of bonds of the Company was HK\$103,620,000 (31 March 2021: HK\$86,200,000). The bonds are transferable subject to the consent from the Company. The bonds will become due on the third month to the third anniversary of the issue date of the bonds. The bonds bear interest at a rate of 1% to 7% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

As at 30 September 2021, the outstanding aggregate principal amount of convertible bonds of the Company was HK\$19,496,000 (31 March 2021: HK\$21,675,800), in which the principal amount at the initial conversion price of HK\$1.6 per conversion share and HK\$1.73 per conversion share were HK\$7,040,000 and HK\$12,456,000 respectively. Assuming the full conversion into conversion shares, 4,400,000 and 7,200,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK\$44,000 and HK\$72,000 respectively. During the Period, the conversion rights attached to the convertible bonds with the principal amount of HK\$2,179,800 have been exercised and converted into 1,260,000 conversion shares (with an aggregate nominal value of HK\$12,600) at the initial conversion price of HK\$1.73 per conversion share. Further details are set out in the announcements of the Company dated 17 February 2019, 3 April 2019, 10 June 2019 and 10 July 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 September 2021, the authorised share capital of the Company was HK\$10 million divided into 1,000,000,000 Shares of HK\$0.01 each and the issued share capital of the Company was approximately HK\$5.5052 million divided into 550,523,141 Shares of HK\$0.01 each.

## Gearing ratio

As at 30 September 2021, the Group's gearing ratio (calculated by dividing total borrowings (including bank and other borrowings, bonds payables and convertible bonds) by total equity) was approximately 29.5% (31 March 2021: approximately 39.5%).

## Capital expenditure

The Group's capital expenditure for the Period increased by 245.4% to approximately RMB8.22 million (corresponding period of 2020: approximately RMB2.38 million), which was used for office equipment, motor vehicle and leasehold improvements.

## Capital commitment

As at 30 September 2021, the Group had no significant capital commitment (31 March 2021: Nil).

## Currency risk

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

## Contingent liabilities

As at 30 September 2021, the Group had no significant contingent liabilities (31 March 2021: Nil).

## Pledge of the Group's assets

As at 30 September 2021 and 31 March 2021, the Group's bank deposits and all of its investment properties have been pledged to secure banking facilities granted to the Group.

As at 30 September 2021, the Group's listed securities of aggregate carrying amount of RMB2,730,000 (31 March 2021: RMB238,000) were pledged by the Group to secure a margin account payable.

## Material acquisition and disposal of subsidiaries and associates

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

## Significant investment

The Group did not have any significant investment during the Period (including any investment in an investee company, which accounted for 5% or more of the Group's total assets as at 30 September 2021).

## Future plans for significant investments and capital assets

The Group is currently exploring and identifying investment and acquisition business opportunities in the IoT market and 5G-related industries, and it is expected to use internal resources as capital funding for business expansion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employee and remuneration policy

As at 30 September 2021, the Group employed a total of 255 employees (30 September 2020: 243 employees). For the Period, staff costs (including Directors' emolument) was approximately RMB42.60 million (corresponding period of 2020: approximately RMB24.96 million). By strictly following the Labour Law\* (《勞動法》), the Labour Contract Law\* (《勞動合同法》) and the Labour Dispute Mediation and Arbitration Law\* (《勞動爭議調解仲裁法》) of the PRC, the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religion and disability. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group regularly reviews the remuneration policies and welfares of its employees. The Group also ensures that employees could have sufficient training and on-going professional and development opportunity based on their individual needs. The share option scheme (the "Share Option Scheme") was adopted by the Company on 6 December 2017 to attract, retain and motivate talented employees to strive for future developments and expansion of the Group. On 29 June 2018, 40,000,000 share options have been granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme and have been fully exercised during the Period. On 17 February 2019, the Company proposed to grant a total of 20,000,000 share options to the Company's executive Director, the chairman of the Board and the controlling Shareholder, Mr. Lai Tse Ming ("Mr. Lai"), pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019. On 16 July 2021, 36,970,524 share options were granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme. On 20 August 2021, 4,100,000 share options were granted to the special assistant to the chairman and the general manager of the Company pursuant to the Share Option Scheme.

## MAJOR AWARDS AND CERTIFICATES

Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/ Certified by
Certificate of Exterior Design Patent	IBO Communication is granted a patent regarding graphical user interface of base station management for computers	30 April 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding 5G DAS management system based on topology information	28 May 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information is granted a patent regarding UML picture recognition method and system	29 June 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding heat rejection devices for 5G radio frequency remote equipment	9 July 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding balanced base station load management and system	26 July 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information and IBO Communication are granted a patent regarding distributed base stations upgrade processing and system	27 July 2021	National Intellectual Property Administration

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/ Certified by
Certificate of Utility Model Patent	IBO Information Innovation Technology is granted a patent regarding computer privacy screen protector for computer examination	24 August 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information Innovation Technology is granted a patent regarding dustproof and waterproof computer keyboard	24 August 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information Innovation Technology is granted a patent regarding portable multi-functional computer	27 August 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information Innovation Technology is granted a patent regarding waterproof and dustproof internal structure for computers	27 August 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding extension units supporting GPS and Beidou positioning modules	17 September 2021	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G CPE Embedded Software V1.0 by IBO Communication	30 September 2021	National Copyright Administration of the People's Republic of China

## MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE PERIOD

### Entering into Strategic Cooperation Framework Agreement with Alba Culture and Sports Development

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OUTLOOK AND STRATEGIES

### Accelerating industrial digitalisation and 5G industry is heading to a golden period of growth

Innovation in technology such as the Internet, big data, cloud computing, artificial intelligence, block chain, etc., keeps accelerating and 5G becomes more and more important. According to the MIIT, construction and application of 5G network will be orderly promoted in 2021 in order to fasten the pace of 5G coverage in major cities. Meanwhile, the construction of 5G network for 10 key industries will be the focus to form 20 major and typical industrial application scenarios. It is predicted in the “White Paper on 5G Development and Its Economic and Social Impacts” (《5G經濟社會影響白皮書》) that the economic output directly attributable to 5G technology will reach RMB3.3 trillion in 2025.

The 5G construction in the PRC is under rapid development. Small base station and DAS system play an important role in the development of 5G technology as well as smart industry. High frequency and high attenuation are the features of 5G products. The new models of the 5G DAS system and 5G pico base station developed by the Group can effectively resolve the problem of lacking indoor signal coverage associated with outdoor 5G macro and micro base stations. Such new 5G indoor coverage and network enhancement solution comes with the advantage of high flexibility, convenient deployment, manageability and controllability, which, as the base layer network support for the “Information Era”, can be applied in different business scenarios and industrial chains, offering one-stop 5G application solution to customers. 5G construction has accelerated in the second half of 2021 and it is anticipated that there will be more than 800,000 5G base stations established by telecom operators throughout 2021. With reference to the experience in constructing 3G and 4G networks, 5G small base stations and DAS system construction boom shall be seen during the second half of 2021 to the year of 2022 based on current progress, and the number of newly built 5G base stations is expected to reach 2,650,000 in 2024. The sales of 5G products (including pico base stations and DAS system) and 5G private network solution is expected to gain a substantial growth in the next two to three years, thanks to the strong market demand. The Group has obtained the telecommunications equipment network access license issued by the MIIT which covers the 5G frequency bands operated by the three major operators, namely China Mobile, China Telecom and China Unicom, making us as one of the few companies possessing 5G pico base station network access license and enjoying first-mover advantage.

To fully unlock the value of 5G technology, industry players will accelerate the establishment of 5G ecosystem, enrich and deepen the integrated application of 5G with vertical industries, and gradually promote the application and commercialisation of 5G in several sectors such as industrial Internet, education, medical care, culture, entertainment and sports, smart city, etc. The Group has built a 5G communication private network for the “5G Digitalised Factory” for a mega iron and steel corporation and gained experience in 5G+ industrial Internet project. Also, the Group successfully expanded the business of application of 5G+ technology into the culture, entertainment and sport sector by entering into a cooperation agreement concerning 5G technology application for e-sports stadiums under a famous e-sports brand with Alba Culture and Sports Development. Based on the successful experience in previous projects, the Group will widely partner with telecommunication operators, customers, integrators and suppliers in the industry to gather industry resources, so as to actively establish a highly cooperative 5G industrial application ecosystem, allowing the parties to leverage their respective expertise to create a win-win situation. It is our goal to enlarge our market coverage and market share through enriching and deepening the integrated application of 5G with vertical industries, promoting the construction of private network in 5G industry, and extending the market for the sales of the Group’s 5G product series such as pico base stations and DAS system.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Grasping the opportunities of ITAI industry development to create new business growth points**

The ITAI industry is the foundation for data security and network security, and also an important element of the “new infrastructure”. The vigorous promotion of the development of the ITAI industry facilitate the transformation of the PRC enterprises and the construction of more comprehensive information technology industry chain for partaking in international competition in the next few decades. The year 2020 was considered to be the first year for the development of the PRC’s ITAI industry. Under the backdrop of the full resumption of work and production and the full-scale launch of the “new infrastructure”, ITAI projects across the country were widely rolled out in 2020, and a phenomenal trend was emerged in the ITAI industry. In the next three to five years, the ITAI industry will enter a golden period of growth. The PRC’s IT industry will see an unprecedented wave of replacement by domestic production in the fields of basic hardware, basic software and industry application software. Keeping up with times and riding on the current trend, the Group will give full play to its technological advantages, accelerate the development of IT basic hardware business such as domestically produced notebook computers and mobile terminals, focus on industries such as electricity, finance, communications and education where ITAI products and projects are applied in priority, step up efforts in marketing and strive for more market shares.

## **Identifying partnership and merge and acquisition (M&A) targets to maximise synergies proactively**

The Group will actively identify suitable M&A targets which can create strong synergies with its existing principal businesses in order to enhance its competitiveness. In parallel, the Group will strive to enhance the synergies of its principal businesses to achieve the effect of “one plus one greater than two”, thereby contributing to the consolidation and optimisation of the industrial chain of the Group’s business.

## **Focusing on the PRC’s market and embracing global business opportunities**

Being the leading industrial digitalisation solutions provider in the industry, the Group is solidifying its existing markets and business in the PRC, while making every effort to seize global market opportunities, develop new competitive advantages, and actively explore high-quality overseas projects. In the future, the Group will focus on expanding 5G private network construction and launching more 5G base station products to build a good image as a Chinese brand in the world.

## **Close connection among three fields to achieve strong synergy**

Benefiting from the industry development dividend, the Group has consolidated its market resources and continued to make efforts in the fields of 5G (communication equipment and dedicated network solutions), ITAI IT (terminal products and industry solutions) and the IoT (products and solutions).

These three business segments are closely connected and coordinated in terms of underlying technologies, application technologies, supply chains, projects and business models, etc. The Group carries out integration and innovation of 5G, ITAI IT and IoT technologies to develop new business models and industrial ecologies, providing customers in different industries with one-stop digital solutions to achieve the output maximisation during the overall value creation, by effectively leveraging its strengths and comprehensive technical capabilities.

With nearly 20 years of industry penetration, the Group has gained extensive industry/customer recognition and comprehensive market resources in providing IoT products and solutions of informatisation and intelligence to industry users. Therefore, the Group is able to apply its pioneering advantages in 5G and ITAI IT to the digital transformation of industry users, through which we provide innovative digital solutions and better grasp the opportunities under the national policies and the market.

Leveraging the complementary benefits among the three major fields, the Group has been able to seize the major strategic opportunities which are based on domestic circulation, in order to maintain stable development of traditional businesses and create new business growth points, thereby building a wider economic moat.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EVENTS AFTER THE REPORTING PERIOD

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

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

Cooperation mainly includes the following:

1. Alba Culture and Sports Development and its affiliated companies shall entrust IBO Communication as the sole/exclusive partner for providing service for 5G technology application (including but not limited to services such as 5G network signal coverage, dedicated network technology application and new forms of e-sports business combined with 5G technology application) in "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development nationwide. In other words, within the term of cooperation in between the parties, the 5G technology application, maintenance and upgrade services and so forth in all "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development and its affiliated companies nationwide will be exclusively provided by IBO Communication; and
2. IBO Communication shall accept the entrustment from Alba Culture and Sports Development to install 5G signal coverage equipment and systems for "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development (the ownership of the equipment and systems belongs to IBO Communication, while Alba Culture and Sports Development enjoys the right to use them during the term of cooperation), and as requested by Alba Culture and Sports Development, IBO Communication will install transmission units of 5G pico base stations (different frequency bands require different types of transmission units of 5G pico base stations to be installed) at "e-sports stadiums" of the well-known e-sports brand to realise public 5G network signal coverage in leisure zones (or mobile game zones) of e-sports stadiums of the well-known e-sports brand, realise dedicated 5G network signal coverage of cloud terminals, and realise 5G technology application services.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF NET PROCEEDS

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

On 17 February 2019, the Company entered into the subscription agreement with Shine Well 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 of the Company dated 25 April 2019). Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 15 February 2019, being the last trading day before the date on which the terms of issue to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.6 per Share. The estimated net proceeds from the subscription will be up to approximately HK\$149 million (after deducting all relevant expenses), therefore the net issue price per subscription share is approximately HK\$1.49.

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

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

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

On 3 February 2021, as all of the conditions precedents to the First Stage Subscription have been fulfilled and Shine Well has completed the financial arrangement in relation to the First Stage Subscription, 50,000,000 subscription shares with aggregate nominal value of HK\$500,000 were allotted and issued to Shine Well at a subscription price of HK\$1.5 per subscription share under the specific mandate and the First Stage Subscription was completed with total proceeds amounting to HK\$75,000,000. The net proceeds from the First Stage Subscription (after deducting all related expenses) were approximately HK\$74.5 million (equivalent to approximately RMB62.2 million), and the net issue price per subscription share after deduction of related expenses was approximately HK\$1.49.

# MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to one of the conditions precedents to the Second Stage Subscription of the subscription agreement, the respective total revenue of the Group as shown in the relevant audit reports prepared by the auditor of the Company for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 shall not be lower than RMB265,875,000, RMB358,931,250 and RMB484,557,190 (the “**Second Revenue Targets**”). The Second Revenue Targets of the Group as shown in the audited reports for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 exceeded RMB265,875,000, RMB358,931,250 and RMB484,557,190 respectively. Pursuant to the fourth supplemental subscription agreement, as additional time was required by Shine Well to complete the financial arrangement in relation to the Second Stage Subscription, the parties mutually agreed to extend the completion of the Second Stage Subscription to 31 December 2021.

Further details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020, 3 February 2021 and 29 September 2021 and the circular of the Company dated 25 April 2019.

As of 30 September 2021, the Group has used a total of approximately RMB26.10 million of the net proceeds, and the net proceeds have been used in the manner as set out in the circular of the Company dated 25 April 2019 (i.e. for the I4 Project, the FSM Project, the MS Project and other projects as stated in the circular), as well as for additional working capital and other general corporate purposes such as staff costs, auditor’s remuneration and rental expenses, etc. The unutilised portion of the net proceeds from the subscription of 50,000,000 subscription shares by a connected person under specific mandate has been deposited in a licensed financial institution. Set out below are summary of use of the net proceeds:

	Original allocation of net proceeds from subscription of 50,000,000 subscription shares		Actually utilised amount as of 30 September 2021	Unutilised amount as of 30 September 2021
	(Note 1) %	RMB million	RMB million	RMB million
I4 Project	77.8	48.4	12.3(Note 2)	36.1(Notes 3, 4)
Additional working capital and other general corporate purposes	14.8	9.2	9.2	–
FSM Project	3.4	2.1	2.1	–
Other projects, including but not limited to the MS Project	4.0	2.5	2.5	–
	100.0	62.2	26.1	36.1

#### Notes:

- The amount here is less than that in the section headed “(I) THE SUBSCRIPTION — Use of Proceeds” in the letter from Board in the circular of the Company dated 25 April 2019. This is due to the completion of First Stage Subscription only and pending completion of the Second Stage Subscription as of 30 September 2021, as well as the fluctuation of the exchange rate. The original allocation of the net proceeds was adjusted in the proportion set out in the circular of the Company dated 25 April 2019.
- As stated in the circular of the Company dated 25 April 2019, the planned allocation amount should have been used up as at 30 September 2021. However, as Shine Well required more time to complete the financial arrangement in relation to the First Stage Subscription, the completion of First Stage Subscription shall be extended from a date falling on or before 30 September 2020 (as originally scheduled) to 3 February 2021, which affected the progress of the use of proceeds. Details are set out in the announcements of the Company dated 29 September 2020, 30 October 2020, 31 December 2020 and 3 February 2021.
- It is expected to be used up in March 2022.
- The expected timeline for use of unutilised net proceeds is based on the Group’s best estimate of future market conditions, subject to current and future changes of market conditions.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Use of Net Proceeds from the Placing of New Shares under 2020 General Mandate

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

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

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

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

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

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

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

As of 30 September 2021, the Group used a total of approximately RMB36.90 million of the net proceeds, and the net proceeds have been used in the manner as set out in the announcements of the Company dated 5 May 2021 and 13 May 2021, which are as follows:

- (i) approximately 90%, or HK\$68,300,000 (equivalent to approximately RMB56,800,000) will be used to invest in its 5G products and systems, for example, purchase of raw materials, research and development and marketing; and
- (ii) approximately 10%, or HK\$7,600,000 (equivalent to approximately RMB6,300,000) will be used to provide funding for its working capital and other general corporate purposes.

# MANAGEMENT DISCUSSION AND ANALYSIS

The unutilised net proceeds from the placing of new Shares have been deposited in a licensed financial institution, which is expected to be fully utilised in 2022. The expected timeline for the utilisation of unutilised net proceeds is based on the Group's best estimate of future market conditions, but is subject to changes in current and future market conditions. The utilisation of net proceeds is summarised as below:

	Planned allocation of the net proceeds from the placing of new Shares		Actually utilised amount as of 30 September 2021	Unutilised amount as of 30 September 2021
	%	RMB million	RMB million	RMB million
Investments in 5G products and systems	90	56.8	30.6	26.2
Funding for its working capital and other general corporate purposes	10	6.3	6.3	–
	100	63.1	36.9	26.2

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

For the six months ended 30 September 2021

Six months ended  
30 September

	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	266,275	190,672
Cost of sales and services rendered		<b>(199,424)</b>	(146,116)
Gross profit		<b>66,851</b>	44,556
Other income	5	4,125	2,618
Other expenses		<b>(1,053)</b>	(4)
Other gains and losses	6	19,516	(7,658)
Share of loss of an associate		–	(215)
Impairment losses under expected credit loss model, net of reversal		<b>(2,004)</b>	(5,863)
Distribution and selling expenses		<b>(3,818)</b>	(3,980)
Administrative expenses		<b>(49,307)</b>	(19,237)
Finance costs		<b>(10,568)</b>	(8,893)
Research and development expenses		<b>(9,254)</b>	(7,604)
Profit (loss) before taxation		<b>14,488</b>	(6,280)
Income tax expense	7	<b>(8,967)</b>	(5,101)
Profit (loss) and total comprehensive income (expense) for the period	8	<b>5,521</b>	(11,381)
Profit (loss) and total comprehensive income (expense) for the period attributable to			
— Owners of the Company		<b>4,367</b>	(15,445)
— Non-controlling interests		<b>1,154</b>	4,064
		<b>5,521</b>	(11,381)
Earnings (loss) per share			
— Basic (RMB cents)	10	<b>0.82</b>	(3.73)
— Diluted (RMB cents)	10	<b>(1.65)</b>	(4.43)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Notes</i>	<b>30 September 2021 RMB'000 (Unaudited)</b>	<b>31 March 2021 RMB'000 (Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	11,980	5,405
Right-of-use assets		8,608	1,337
Investment properties		20,400	20,200
Goodwill		23,632	23,632
Intangible assets		41,693	45,077
Interest in an associate		–	5,507
Rental deposits		–	722
Deferred tax assets		5,957	4,571
		<b>112,270</b>	<b>106,451</b>
<b>Current assets</b>			
Inventories		20,689	1,779
Trade and other receivables	12	632,621	573,390
Contract assets	13	49,185	17,666
Amount due from a related company		247	248
Amounts due from non-controlling interests		2,003	814
Financial assets at fair value through profit or loss		19,893	8,252
Pledged bank deposits		2,000	6,000
Bank balances and cash		225,795	232,158
		<b>952,433</b>	<b>840,307</b>
<b>Current liabilities</b>			
Trade and other payables	14	256,676	317,725
Lease liabilities		3,172	1,248
Amounts due to non-controlling interests		9,905	10,299
Tax payables		27,888	33,491
Bank and other borrowings	15	49,313	32,707
Consideration payable		20,346	33,456
Convertible bonds	16	28,800	–
Bonds payables	17	60,108	39,586
		<b>456,208</b>	<b>468,512</b>
<b>Net current assets</b>		<b>496,225</b>	<b>371,795</b>
<b>Total assets less current liabilities</b>		<b>608,495</b>	<b>478,246</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Notes</i>	<b>30 September 2021 RMB'000 (Unaudited)</b>	31 March 2021 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Bank and other borrowings	15	<b>2,610</b>	2,430
Bonds payables	17	<b>22,495</b>	29,727
Convertible bonds	16	–	44,787
Lease liabilities		<b>5,369</b>	176
Deferred tax liabilities		<b>25,050</b>	23,104
		<b>55,524</b>	100,224
<b>Net Assets</b>			
		<b>552,971</b>	378,022
<b>Capital and reserves</b>			
Share capital	18	<b>4,621</b>	4,103
Reserves		<b>469,954</b>	326,327
Equity attributable to owners of the Company		<b>474,575</b>	330,430
Non-controlling interests		<b>78,396</b>	47,592
<b>Total Equity</b>			
		<b>552,971</b>	378,022

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

## 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 2020 (audited)	3,467	178,324	(43,325)	35,550	28,212	47,475	249,703	33,017	282,720
Loss and total comprehensive expense for the period	-	-	-	-	-	(15,445)	(15,445)	4,064	(11,381)
Issuance of shares by the conversion of convertible bonds (note 18)	75	19,389	-	-	-	-	19,464	-	19,464
Recognition of equity-settled share based payments	-	-	-	(1,791)	-	-	(1,791)	-	(1,791)
Transfer	-	-	-	-	2,541	(2,541)	-	-	-
At 30 September 2020 (unaudited)	3,542	197,713	(43,325)	33,759	30,753	29,489	251,931	37,081	289,012
At 1 April 2021 (audited)	4,103	296,019	(43,325)	33,609	35,896	4,128	330,430	47,592	378,022
Profit and total comprehensive income for the period	-	-	-	-	-	4,367	4,367	1,154	5,521
Issuance of shares by the conversion of convertible bonds (note 18)	10	5,195	-	-	-	-	5,205	-	5,205
Issuance of shares (note 18)	175	63,934	-	-	-	-	64,109	-	64,109
Issuance of shares upon exercise of share option	333	74,807	-	(21,729)	-	-	53,411	-	53,411
Recognition of equity-settled share based payments	-	-	-	17,053	-	-	17,053	-	17,053
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	29,650	29,650
Transfer	-	-	-	-	4,151	(4,151)	-	-	-
At 30 September 2021 (unaudited)	4,621	439,955	(43,325)	28,933	40,047	4,344	474,575	78,396	552,971

### Notes:

- 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.
- 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 2021

Six months ended  
30 September

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(158,927)	(78,268)
NET CASH USED IN INVESTING ACTIVITIES	(17,278)	(4,177)
NET CASH FROM FINANCING ACTIVITIES	169,842	46,377
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,363)	(36,068)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	232,158	69,178
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD represented by bank balances and cash	225,795	33,110

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7,  
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

The application of the 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 3. REVENUE

### Disaggregation of revenue

#### Types of goods or services

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Intelligent terminal products sales	206,258	169,166
Provision of coordination, management and installation services	17	1,726
Software development	54,916	15,434
System maintenance services	5,084	4,346
	<b>266,275</b>	<b>190,672</b>

#### Timing of revenue recognition

	Six months ended 30 September 2021 (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	206,258	–	–	–	206,258
Over time	–	17	54,916	5,084	60,017
	<b>206,258</b>	<b>17</b>	<b>54,916</b>	<b>5,084</b>	<b>266,275</b>

	Six months ended 30 September 2020 (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	169,166	–	–	–	169,166
Over time	–	1,726	15,434	4,346	21,506
	<b>169,166</b>	<b>1,726</b>	<b>15,434</b>	<b>4,346</b>	<b>190,672</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 4. SEGMENT INFORMATION

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

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

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

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

### For the six months ended 30 September 2021

	Intelligent terminal products sales RMB'000	System integration RMB'000	Software development RMB'000	System maintenance services RMB'000	Total RMB'000
<b>REVENUE</b>					
External sales	206,258	17	54,916	5,084	266,275
<b>SEGMENT PROFIT</b>	12,853	24	50,502	1,468	64,847
Unallocated income					4,125
Unallocated expenses					(63,432)
Finance costs					(10,568)
Unallocated other gains and losses					19,516
Profit before taxation					14,488

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2020

	Intelligent terminal products sales RMB'000	System integration RMB'000	Software development RMB'000	System maintenance services RMB'000	Total RMB'000
<b>REVENUE</b>					
External sales	168,507	2,385	15,434	4,346	190,672
<b>SEGMENT PROFIT</b>	25,921	1,103	10,773	901	38,698
Unallocated income					2,618
Unallocated expenses					(30,825)
Finance costs					(8,893)
Unallocated other gains and losses					(7,658)
Unallocated impairment losses under expected credit loss model, net of reversal					(5)
Share of loss of an associate					(215)
Loss before taxation					(6,280)

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

### Segment assets and liabilities

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

### Geographical information

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

	Turnover Six months ended 30 September		Specified non-current assets	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
The PRC	239,738	190,672	107,514	106,451
Hong Kong	26,537	–	4,756	–
	266,275	190,672	112,270	106,451

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 5. OTHER INCOME

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest income from bank deposits	1,176	20
Rental income	268	252
Government grants (Note)	347	2,279
Others	2,334	67
	<b>4,125</b>	<b>2,618</b>

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 艾伯資訊(深圳)有限公司 (IBO Information (Shenzhen) Limited) ("IBO Information") and 深圳市偉圖科技開發有限公司 (Shenzhen Weitu Technology Development Company Limited) ("Weitu Technology").

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net exchange gain	2,260	5,941
(Loss) gain on change in fair value of financial assets at fair value through profit or loss ("FVTPL")	(948)	441
Gain on change in fair value of investment properties	200	–
Recognition of deferred loss from initial recognition of convertible bonds	(1,338)	(5,361)
Gain (loss) on change in fair value of the derivative component of the convertible bonds	12,065	(3,720)
Gain (loss) on change in fair value of consideration payables	13,111	(4,650)
Loss on disposal of property, plant and equipment	–	(249)
Impairment loss recognised on interest in an associate	(5,507)	–
Others	(327)	(60)
	<b>19,516</b>	<b>(7,658)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	8,407	7,263
Deferred tax	560	(2,162)
	<b>8,967</b>	5,101

### Hong Kong

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

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

### PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "PRC EIT Law"), the statutory tax rate of PRC subsidiaries is 25% during the current interim period.

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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

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

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	1,463	1,448
Depreciation of right-of-use assets	1,556	2,811
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	3,568	9,834
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	199,424	145,976
Gross rental income from investment properties	(268)	(252)
Impairment loss recognised in respect of trade receivables	1,458	5,836
Impairment loss recognised in respect of contract assets	566	22
Impairment loss recognised in respect of other receivables	-	22
Impairment reversed in respect of rental deposits	(20)	(17)

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period (2020: nil), nor had any dividend been proposed since the end of the reporting period.

## 10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Earnings (loss):		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	4,367	(15,445)
Effect of dilutive potential ordinary shares:		
Convertible bonds	(13,409)	(4,186)
Loss for the purpose of calculating diluted loss per share	(9,042)	(19,631)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 10. EARNINGS (LOSS) PER SHARE (Continued)

	Six months ended 30 September	
	2021 '000	2020 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<b>534,510</b>	414,405
Effect of dilutive potential ordinary shares:		
Convertible bonds	<b>12,860</b>	28,523
	<b>547,370</b>	442,928

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

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the interim period, the Group acquired items of property, plant and equipment of approximately RMB8,038,000 (30 September 2020: RMB95,000) to expand its operations.

## 12. TRADE AND OTHER RECEIVABLES

	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
Trade receivables	<b>502,953</b>	550,753
Less: allowance for doubtful debts	<b>(23,750)</b>	(22,292)
	<b>479,203</b>	528,461
Other receivables, net of ECL	<b>11,105</b>	2,691
Prepayments for purchase of inventories	<b>141,155</b>	41,640
Rental deposit, net of ECL	<b>1,158</b>	598
Total trade and other receivables	<b>632,621</b>	573,390

The Group allows credit period ranging from 30 days to 270 days which are agreed with each of its trade customers. Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, normally within 1 year from the date of the completion of the respective project.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 12. 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 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
0–30 days	80,146	233,849
31–90 days	19,635	51,767
91–180 days	11,422	32,519
181–365 days	170,759	156,378
Over 365 days	197,241	53,948
	<b>479,203</b>	<b>528,461</b>

## 13. CONTRACT ASSETS

	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
<b>Contract assets:</b>		
Provision of coordination, management and installation services of smart cities	3,498	1,663
Software development	46,341	16,091
Less: allowance for credit losses	(654)	(88)
	<b>49,185</b>	<b>17,666</b>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestone at the end of the reporting period and retention receivables which are to be settled upon the expiring of the defects liability period, which was generally within one year. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the specified milestones are achieved and acknowledged by the customers or 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 14. TRADE AND OTHER PAYABLES

	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
Trade payables	150,980	190,960
Bills payables	–	8,000
Other payables and other accruals	23,438	3,456
Other tax payable	72,594	96,151
Accrued payroll expenses	6,510	8,641
Interest payables	3,154	2,031
Total trade and other payables	<b>256,676</b>	<b>317,725</b>

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 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
0–30 days	45,814	150,656
31–90 days	12,409	–
Over 90 days	92,757	40,304
	<b>150,980</b>	<b>190,960</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 15. BANK BORROWINGS AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to RMB46,360,000 (30 September 2020: RMB46,000,000) and new other borrowings amounting to RMB nil (30 September 2020: RMB6,740,000). The loans carry interest at fixed market rates ranging from 4.4% to 10.4% (30 September 2020: 4.8% to 18%) 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.

## 16. CONVERTIBLE BONDS

	Liability component RMB'000	Derivative component RMB'000	Deferred Day-1 loss RMB'000	Total RMB'000
At 1 April 2021	19,968	27,446	(2,627)	44,787
Recognition of deferred Day-1 loss in profit or loss	–	–	1,338	1,338
Change in fair value	–	(12,065)	–	(12,065)
Interest charge	702	–	–	702
Conversion to shares	(2,091)	(3,114)	–	(5,205)
Exchange realignment	(323)	(414)	(20)	(757)
At 30 September 2021	18,256	11,853	(1,309)	28,800

## 17. BONDS PAYABLES

During the current interim period, the Group issued bonds at par value in an aggregate principal amount of HK\$38,220,000 (equivalent to approximately RMB31,841,000) to independent third parties. The bonds are denominated in HK\$ and are unlisted. The Bonds carry interest at a nominal rate ranging from 1% to 7% per annum, payable annually in arrears with a maturity period of 1 to 2 years. The effective interest rate of the bond payable is about 13%. The proceeds were utilised for general working capital of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 18. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
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Ordinary shares of HK\$0.01 each

### Authorised:

At 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021 1,000,000,000 10,000

	Number of shares	Share capital HK\$'000	Shown in the consolidated statement of financial position RMB'000
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### Issued and fully paid:

At 1 April 2020 413,027,509 4,130 3,467  
 Issue of shares arising from conversion of convertible bonds 8,400,000 84 75

At 30 September 2020 421,427,509 4,214 3,542

At 1 April 2021	<b>488,263,141</b>	<b>4,883</b>	<b>4,103</b>
Issue of shares arising from conversion of convertible bonds	<b>1,260,000</b>	<b>12</b>	<b>10</b>
Issue of shares ( <i>Note i</i> )	<b>21,000,000</b>	<b>210</b>	<b>175</b>
Issue of shares upon exercise of share options	<b>40,000,000</b>	<b>400</b>	<b>333</b>

At 30 September 2021	<b>550,523,141</b>	<b>5,505</b>	<b>4,621</b>
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### Notes:

- (i) On 5 May 2021, the Company and the Placing Agent entered into the Placing agreement, pursuant to which the Company has conditionally agree to place through the Placing Agent. On 13 May 2021, 21,000,000 Placing Shares have been successfully placed by the Placing Agent of HK\$3.69 per Placing share pursuant to the terms and conditions of the Placing agreement.
- (ii) The new shares rank pari passu with the existing shares in all respects.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 19. 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).

### 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
	30 September 2021	31 March 2021			
<b>Financial assets</b>					
Listed equity securities	<b>RMB19,893,000</b>	RMB8,252,000	Level 1	Quoted bid prices in an active market	N/A
<b>Financial liabilities</b>					
Consideration payable	<b>RMB20,346,000</b>	RMB33,456,000	Level 3	Quoted bid prices of the Company's share in an active market, reduced by expected shortfall of actual profits of Bright Leap against guaranteed profits	Probability-adjusted profits (Note 1)
Convertible bonds — derivative components net of the deferred Day-1 loss	<b>RMB10,544,000</b>	RMB24,819,000	Level 3	Binomial Option Pricing model, the key input are Time-to-maturity, underlying share price, conversion price, coupon rate, expected volatility, risk-free rate, discount rate, expected dividend yield	Expected volatility of share price (Note 2)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 19. 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 (Continued)

Notes:

- As at 30 September 2021 and 31 March 2021, since the Bright Leap Group has achieved the Guaranteed Profits, the carrying amount of the consideration payable is determined by the quoted market price of the Company's share multiplied by the number of Consideration Shares payables.
- As at 30 September 2021, if the expected volatility of share price of comparable companies was 5% higher/lower and the other variables were held constant, the derivative component of convertible bonds would increase/decrease by RMB259,000/RMB239,000 (31 March 2021: RMB376,000/RMB237,000), respectively. The key inputs used in calculation of the fair values of convertible bonds are as follows:

	Convertible bond I		Convertible bond II	
	31 March 2021	30 September 2021	31 March 2021	30 September 2021
Time-to-maturity	1.0 year	0.5 year	1.3 years	0.8 year
Underlying share price	HK\$4.83	HK\$2.98	HK\$4.83	HK\$2.98
Conversion price	HK\$1.60	HK\$1.60	HK\$1.73	HK\$1.73
Coupon rate	7.5%	7.5%	7.5%	7.5%
Expected volatility	69.55%	44.43%	67.34%	71.79%
Risk-free rate	0.09%	0.01%	0.10%	0.05%
Discount rate	5.28%	5.15%	5.29%	5.19%
Expected dividend yield	0.0%	0%	0.0%	0%

## 20. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Scheme") pursuant to a resolution passed by its shareholders on 6 December 2017, 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 28 December 2017 and refreshed on 26 September 2018, 15 October 2019 and 30 September 2021.

During the period ended 30 September 2021, options were granted on 16 July 2021 and 20 August 2021. The estimated fair values of the options granted on those dates are approximately HK\$49,683,000 and approximately HK\$5,937,000 respectively, equivalent to approximately RMB41,385,000 and approximately RMB4,953,000 respectively. Vesting period of share options granted to the consulting firm is by reference to the service rendered/to be rendered by the consulting firm.

The Group recognised the expense of approximately RMB17,053,000 for the period ended 30 September 2021 (30 September 2020: reversed RMB1,791,000) in relation to share options granted by the Company. 40,000,000 share options granted under the Scheme were exercised up to the end of the reporting period.

The Binomial Option Pricing model has been used to estimate the fair value of the options granted to directors and employees. 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. The fair value of the options granted to service providers was determined by reference to the fair value of the services received by the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 20. SHARE OPTION SCHEME (Continued)

The following assumptions were used in the Binomial Option Pricing model to calculate the fair values of share options granted to directors and employees:

	20 August 2021	17 July 2021	15 October 2019	17 May 2019	29 June 2018
Grant date share price	HK\$3.28	HK\$3.59	HK\$2.00	HK\$1.78	HK\$1.60
Exercise price	HK\$3.35	HK\$3.65	HK\$1.60	HK\$1.60	HK\$1.61
Expected life	4.0 years	3.0 years	3.8 years	2.8 years	3.0 years
Expected volatility	60.1%	56.5%	50.85%	51.98%	61.57%
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	0.45%	0.23%	1.49%	1.65%	1.95%

Expected volatility was determined by using quoted prices of comparable companies in active markets. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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.

## 21. RELATED PARTY DISCLOSURES

### (a) 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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short term benefits	5,554	6,244
Contribution to retirement benefits schemes	156	139
Equity-settled share-based payments	4,970	(3,505)
	<b>10,680</b>	<b>2,878</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 21. RELATED PARTY DISCLOSURES (Continued)

### (b) Guarantee

As at 30 September 2021, the Group's bank borrowings amounting to approximately RMB nil (31 March 2021: RMB5,326,000) were personally guaranteed by Mr. Lai and an amount of approximately RMB35,000,000 (31 March 2021: RMB21,600,000) were guaranteed by Mr. Lai and his close family member.

As at 30 September 2021, the Group's bank borrowings amounting to approximately RMB6,284,000 (31 March 2021: RMB1,800,000) were personally guaranteed by Mr. Ke Chengwei, the non-controlling shareholder of subsidiaries, with his personal property.

## OTHER INFORMATION

### COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Listing Rules for the Period. The Board and the management of the Group consider that maintaining a well-established corporate governance practices and procedures is the key to success.

### MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

### COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

For the Period, none of the Directors, controlling Shareholders or substantial Shareholders 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 Period (for the six months ended 30 September 2020: nil).

### SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 6 December 2017 which is valid and effective for a period of 10 years from 6 December 2017. The purpose of the Share Option Scheme is to enable the Company to grant share options to the eligible participants as incentives or rewards for their contributions to the Group. Eligible participants of the Share Option Scheme include any full-time or part-time employee and director of the Group, including executive, non-executive and independent non-executive Directors, trustees, advisers, consultants, suppliers of the Group or any other person who, in the sole determination of the Board, will contribute or has contributed to the Group.

The scheme mandate limit of the Share Option Scheme was refreshed on 30 September 2021 as the Shareholders passed an ordinary resolution at an annual general meeting of the Company to refresh the 10% scheme mandate limit under the Share Option Scheme in order to enable the Company to grant further share options up to a maximum of 55,052,314 Shares based on the 550,523,141 issued Shares. As of the date of this report, the Company had not granted share options pursuant to 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 55,052,314, representing 10.0% of the issued Shares.

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 116,122,838 Shares, representing 21.1% of the total number of issued Shares as at the date of this report.

Details of the Share Option Scheme are set out in note 20 to the condensed consolidated financial statements.

# OTHER INFORMATION

## SHARE OPTION SCHEME (Continued)

Details of the share options granted and outstanding during the Period were:

Name and/ or category of grantees	Date of grant of share options	Outstanding as at 1 April 2021	Number of share options				Outstanding as at 30 September 2021	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 HK\$	
			During the Period									
			Granted	Exercised	Cancelled	Lapsed						
<b>Directors</b>												
Mr. Lai	17 May 2019	6,000,000	-	-	-	-	6,000,000	Vested immediately on the date of grant	17 May 2019– 16 February 2022	1.6	1.78	(Note 1)
Mr. Lai	17 May 2019	6,000,000	-	-	-	-	6,000,000	17 May 2019– 16 February 2020	17 February 2020– 16 February 2022	1.6	1.78	(Note 1)
Mr. Lai	17 May 2019	8,000,000	-	-	-	-	8,000,000	17 May 2019– 16 February 2021	17 February 2021– 16 February 2022	1.6	1.78	(Note 1)
Mr. Gao Weilong ( <b>Mr. Gao</b> )	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 2)
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 2)
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 2)
Mr. Teng Feng ( <b>Mr. Teng</b> )	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 2)
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 2)
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 2)
Mr. Yu Kin Keung ( <b>Mr. Yu</b> )	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)
Mr. Yu	16 July 2021	-	1,647,789	-	-	-	1,647,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	(Note 5)
Mr. Yu	16 July 2021	-	1,647,789	-	-	-	1,647,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	(Note 5)
Mr. Yu	16 July 2021	-	2,197,053	-	-	-	2,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	(Note 5)
Mr. Liang Jun ( <b>Mr. Liang</b> )	16 July 2021	-	1,647,789	-	-	-	1,647,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	(Note 5)
Mr. Liang	16 July 2021	-	1,647,789	-	-	-	1,647,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	(Note 5)
Mr. Liang	16 July 2021	-	2,197,053	-	-	-	2,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	(Note 5)
<b>Consulting firm</b>												
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 4)
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 4)
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 4)
Chatwin Capital Services Limited	16 July 2021	-	1,647,789	-	-	-	1,647,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	(Note 5)
Chatwin Capital Services Limited	16 July 2021	-	1,647,789	-	-	-	1,647,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	(Note 5)
Chatwin Capital Services Limited	16 July 2021	-	2,197,053	-	-	-	2,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	(Note 5)
<b>Employees</b>												
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 2)
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 2)
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 2)
Employees	16 July 2021	-	6,147,789	-	-	-	6,147,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	(Note 5)
Employees	16 July 2021	-	6,147,789	-	-	-	6,147,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	(Note 5)
Employees	16 July 2021	-	8,197,053	-	-	-	8,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	(Note 5)
Employees	20 August 2021	-	1,230,000	-	-	-	1,230,000	20 August 2021– 19 August 2022	20 August 2022– 19 August 2025	3.354	3.33	(Note 6)
Employees	20 August 2021	-	1,230,000	-	-	-	1,230,000	20 August 2021– 19 August 2023	20 August 2023– 19 August 2025	3.354	3.33	(Note 6)
Employees	20 August 2021	-	1,640,000	-	-	-	1,640,000	20 August 2021– 19 August 2024	20 August 2024– 19 August 2025	3.354	3.33	(Note 6)
<b>Total</b>		<b>60,000,000</b>	<b>41,070,524</b>	<b>(40,000,000)</b>	-	-	<b>61,070,524</b>					

## OTHER INFORMATION

### SHARE OPTION SCHEME (Continued)

Notes:

- 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.
- All the share options granted to the grantees were exercised on 25 June 2021, and the weighted average closing price of each Share immediately before the option exercise date was HK\$3.65.
- All the share options granted to the grantee were exercised on 21 June 2021, and the weighted average closing price of each Share immediately before the option exercise date was HK\$3.81.
- All the share options granted to the grantee were exercised on 28 June 2021, and the weighted average closing price of each Share immediately before the option exercise date was HK\$3.69.
- All granted or outstanding share options granted to the grantees shall lapse after 15 July 2024.
- All granted or outstanding share options granted to the grantees shall lapse after 19 August 2025.

### 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 2021, 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 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 Directors	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 and beneficial owner	217,320,000 (Notes 2, 4)	20,000,000	43.11%
Mr. Gao	Beneficial owner	4,000,000	–	0.73%
Mr. Teng	Beneficial owner	4,000,000	–	0.73%
Mr. Yu	Beneficial owner	3,554,000	5,492,631	1.64%
Mr. Liang	Beneficial owner	–	5,492,631	1.00%

#### 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	100%

## OTHER INFORMATION

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

Notes:

1. The percentage of shareholding is calculated based on 550,523,141 Shares in issue as at 30 September 2021.
2. These 217,320,000 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. A 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. On 3 February 2021, 50,000,000 subscription shares were allotted and issued by the Company to Shine Well and the First Stage Subscription was completed. As at 30 September 2021, the Second Stage Subscription has not yet been completed, and it is expected that the 50,000,000 subscription shares will be allotted and issued by the Company to Shine Well upon completion of the Second Stage Subscription, which has been included in the disclosure of interests for these 217,320,000 Shares. Further details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020, 3 February 2021 and 29 September 2021, and the circular of the Company dated 25 April 2019.
5. Shine Well is wholly and beneficially owned by Mr. Lai.

Save as disclosed herein, as at 30 September 2021, 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 required to be 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 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 2021, 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	217,320,000 (Note 4)	–	39.48%
Ms. Ho Fung Lin ("Ms. Ho") (Note 2)	Interests of spouse	217,320,000 (Note 4)	20,000,000	43.11%

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

#### Other persons' 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)	Percentage of shareholding (Note 1)
Value Convergence Holdings Limited (Note 5)	Beneficial owner and interests in a controlled corporation	39,058,000 (Note 6)	3,600,000 (Note 7)	7.75%
Mr. Xiong Shaoming (熊少明) ("Mr. Xiong")	Beneficial owner	32,712,000	–	5.94%
Ms. Han Xiao (韓笑) ("Ms. Han") (Note 8)	Interests of spouse	32,712,000	–	5.94%

#### Notes:

- The percentage of shareholding is calculated based on 550,523,141 Shares in issue as at 30 September 2021.
- 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.
- Details of share options are set out in the section headed "Share Option Scheme".
- A subscription agreement was 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. On 3 February 2021, 50,000,000 subscription shares were allotted and issued by the Company to Shine Well and the First Stage Subscription was completed. As at 30 September 2021, the Second Stage Subscription has not yet been completed, and it is expected that the 50,000,000 subscription shares will be allotted and issued by the Company to Shine Well upon completion of the Second Stage Subscription, which has been included in the disclosure of interests for these 217,320,000 Shares. Further details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020, 3 February 2021 and 29 September 2021, and the circular of the Company dated 25 April 2019.
- Value Convergence Holdings Limited is a company incorporated in Hong Kong with limited liability and listed on the Main Board (Stock code: 0821).
- 36,596,000 Shares of which are wholly and beneficially owned by Value Convergence Holdings Limited, and the remaining 2,462,000 Shares are wholly and beneficially owned by VC Brokerage Limited. VC Brokerage Limited is a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by VC Financial Group Limited (a limited company incorporated in BVI), while VC Financial Group Limited is wholly and beneficially owned by Value Convergence Holdings Limited. Value Convergence Holdings Limited is therefore deemed to be interested in the Shares held by VC Brokerage Limited for the purpose of the SFO.
- The convertible bond in the principal amount of HK\$5,760,000 was transferred to Value Convergence Holdings Limited by other convertible bondholder of the Company. Assuming full conversion into conversion shares, based on the initial conversion price of HK\$1.6 per conversion share, 3,600,000 conversion shares will be allotted and issued by the Company to Value Convergence Holdings Limited upon full exercise of the conversion right. As at 30 September 2021, Value Convergence Holdings Limited still holds the convertible bond in the principal amount of HK\$5,760,000 which will be due on 3 April 2022.
- Ms. Han is the spouse of Mr. Xiong and is therefore deemed to be interested in Shares in which Mr. Xiong is interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2021, 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 report of the Company for the year ended 31 March 2021 and up to the date of this report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

#### Mr. Gao Weilong

- Mr. Gao was appointed as the deputy chairman of the Company on 24 September 2021.

#### Mr. Hung Muk Ming

- Mr. Hung resigned as the independent non-executive director and the chairman of the audit committee of Century Sage Scientific Holdings Limited (a company listed on the Stock Exchange, stock code: 1450) on 29 September 2021.

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

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

Hong Kong, 30 November 2021

*As at the date of this report, the executive Directors are Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Liang Jun; and the independent non-executive Directors are Dr. He Tianxiang, Dr. Wong Kwok Yan, Mr. Hung Muk Ming and Mr. Liu Ping.*

# DEFINITIONS

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

“2020 General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 15 September 2020 to allot and issue up to 84,285,501 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
“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 (Stock Code: 2708)
“Company’s Code”	a code of conduct regarding Directors’ transactions in securities of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Yingding”	Hunan Yingding Network Co., Ltd.* (湖南盈鼎網絡有限公司), a company established in the PRC with limited liability
“IBO Communication”	Shenzhen IBO Communication Company Limited* (深圳市艾伯通信有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
“IBO Information”	IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“IBO Information Innovation Technology”	IBO Shenzhen Information Innovation Technology Limited* (深圳市艾伯信創科技有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China which, for the purposes of this report, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region

\* For identification purpose only

## DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weitu Group”	collectively, Weitu Technology, Yunwei Network and Hunan Yingding
“Weitu Technology”	Shenzhen Weitu Technology Development Co., Ltd.* (深圳市偉圖科技開發有限公司), a company established in the PRC with limited liability
“Yunwei Network”	Shenzhen Yunwei Network Co., Ltd.* (深圳市運維網絡有限公司), a company established in the PRC with limited liability
“%”	per cent

\* For identification purpose only