

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

2023 / 2024
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.

CONTENT

- 2** Corporate Information
- 4** Management Discussion and Analysis
- 16** Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 17** Condensed Consolidated Statement of Financial Position
- 19** Condensed Consolidated Statement of Changes in Equity
- 20** Condensed Consolidated Statement of Cash Flows
- 21** Notes to the Condensed Consolidated Financial Statements
- 41** Other Information
- 47** Definitions

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Tse Ming (*Chairman*)
Mr. Liang Jun (*Deputy Chairman*)
Mr. Li Yang (*Deputy Chairman*)
Mr. Zhang Yaoliang

Independent Non-executive Directors

Dr. He Tianxiang
Mr. Hung Muk Ming
Mr. Jin Zi

BOARD OF COMMITTEES

Audit Committee

Mr. Hung Muk Ming (*Chairman*)
Dr. He Tianxiang
Mr. Jin Zi

Remuneration Committee

Mr. Jin Zi (*Chairman*)
Mr. Li Yang
Dr. He Tianxiang

Nomination Committee

Mr. Lai Tse Ming (*Chairman*)
Mr. Jin Zi
Mr. Hung Muk Ming

COMPANY SECRETARY

Mr. Pang Chun Yip (*Member of HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Li Yang
Mr. Zhang Yaoliang

PRINCIPAL BANKS

China Construction Bank Corporation
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

Level 6, Block A,
Fu Wah Technology Building,
No. 9116 Beihuan Avenue, Nanshan
Shenzhen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1623, 16th Floor
Argyle Centre Phase 1
688 Nathan Road, Mong Kok
Kowloon, 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

STOCK CODE

2708

CONTACT INFORMATION

Address	Room 1623, 16th Floor Argyle Centre Phase 1 688 Nathan Road, Mong Kok Kowloon, Hong Kong
Tel	(852) 2308 1266
Fax	(852) 2789 4532

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

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

In addition to its principal businesses, the Group has been exploring suitable opportunities to expand its business presence in recent years. The Group intends to invest in Hangzhou Yixin Microtech Co., Ltd.* (杭州一芯微科技有限公司) (“**Hangzhou Yixin**”) and Shandong Xingang Electronic Science and Technology Co., Ltd.* (山東新港電子科技有限公司) to expand its business into the electronic cigarette market in China in order to capitalise on the growth potential of the relevant business areas and to form a complete business model and industry eco-system with its existing businesses, thereby creating a unique core advantage.

MARKET REVIEW

Consumer Confidence is being Undermined as China’s External Economic Growth Continues to Face Severe Challenges

During the Period, the overall business environment remained difficult due to the dual impact of sluggish global economic development and the slow pace of China’s recovery. In China, according to the data released by the National Bureau of Statistics of China, although the country’s gross domestic product (“GDP”) expanded 5.5% in the first half of 2023, it has been adversely affected by factors such as declining exports, sluggish investment, delayed consumption recovery, and the intensifying real estate crisis. These factors have led to a rapid decline in business confidence among Chinese enterprises and a low consumer confidence, resulting in a continued slowdown in China’s economic recovery, posing more obstacles to the Group’s business.

On the international front, the report of the International Monetary Fund indicated that the recovery of the global economy was slowing down as interest rate hikes by central banks to combat inflation continued to weigh on economic activities. The World Bank also stated that the global economy was experiencing instability mainly due to the cumulative impact of tightening monetary policies, the lingering COVID-19 pandemic (the “**Pandemic**”) and the Russia-Ukraine war.

MANAGEMENT DISCUSSION AND ANALYSIS

Against such backdrop, China's external demands remained severely unstable. Meanwhile, the Group's operating costs remained high during the Period due to the increasing difficulties in the production and operation of small and medium-sized enterprises (SMEs) and the obstruction of the industry and supply chain, placing the Group under the dual pressure of internal and external challenges.

Thriving Growth in the Electronic Cigarette Market

According to the study published by Zion Market Research, the size of the global electronic automatisation market amounted to approximately USD18.32 billion in 2022, and is expected to grow at a compound annual growth rate ("CAGR") of 12.5% in the future and reach USD46.98 billion in 2030. As the world's largest electronic cigarette manufacturer and exporter, China possesses significant advantages in its industrial chain. Products of many leading overseas electronic cigarette brands are manufactured by Chinese enterprises. According to the recent announcement of Shenzhen Customs, it was predicted that China's electronic cigarette export value in the first five months of 2023 reached approximately RMB31.4 billion in aggregate, representing a year-on-year increase of approximately 48%, demonstrating a robust growth momentum for the electronic cigarette export industry.

BUSINESS REVIEW

During the Period, the business of the Group was mainly categorised into four main sectors, including (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services.

During the Period, the Group received a winding-up petition (the "**Petition**") filed by Ms. WEI Qianqian (魏倩倩) (the "**Petitioner**") with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court of Hong Kong**"). Please refer to the section headed "**WINDING UP PETITION**" in this interim report below for details. In addition, the Petition has triggered a series of claims demanded by creditors against the Group for undue outstanding net principal of bonds ("**Bonds**") issued and the interest thereon, which, together with the tightened borrowing policy of banks and delayed payments by the Group's clients, leading to severe liquidity crisis and therefore jeopardizing the normal operation of the Group.

Moreover, the Group's four major businesses were inevitably affected by the turbulent environment during the Period, as China's economy continued to weaken, resulting in numerous close-down of SMEs in various industries.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue breakdown by business segments is set out below:

	For the six months ended 30 September			
	2023 (unaudited)		2022 (unaudited)	
	RMB'000	%	RMB'000	%
Intelligent terminal products sales	193,503	97.2	313,866	85.7
System integration	–	0.0	264	0.1
Software development	625	0.3	46,162	12.6
System maintenance services	4,888	2.5	5,862	1.6
Total	199,016	100.0	366,154	100.0

Intelligent terminal products sales

During the Period, the Group continuously focused on the development, production and sales of customised IoT smart terminals to customers. Revenue from the intelligent terminal products sales business recorded a year-on-year decrease of approximately 38.3% to approximately RMB193.50 million (corresponding period of 2022: approximately RMB313.87 million). This business continued to be the largest contributor to the Group's revenue, accounting for 97.2% of its total revenue.

System integration

Based on the analysis and assessment of customers' needs, the Group provides customers with integrated and customised system solutions based on IoT and related technologies, including overall system planning, development and design, system equipment procurement, system software and hardware equipment integration, system implementation, pilot runs, as well as system management and maintenance. The Group's revenue from the system integration business is derived from one-off projects with fluctuating revenue as compared to other segments. During the Period, the Group's system integration business did not record any revenue.

Software development

The Group plans and designs the software system frameworks and function lists for customers and provides customised software application development services based on their business and management needs. Leveraging on its strong software development capabilities, the Group has been providing quality software application development services to serve customers in different industries for many years. The Group's software development business recorded a revenue of approximately RMB0.63 million for the Period (corresponding period of 2022: approximately RMB46.16 million), accounting for 0.3% of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

System maintenance services

The Group provides software and hardware system maintenance services for information systems, including system equipment maintenance and management, database maintenance, daily system monitoring and system upgrade, etc. Thanks to the little impact from external factors and the customers' sound loyalty, the business of this segment maintained steady growth during the Period, with revenue of approximately RMB4.89 million (corresponding period of 2022: approximately RMB5.86 million), accounting for 2.5% of the Group's total revenue.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period decreased year-on-year by 45.6% to approximately RMB199.02 million (corresponding period of 2022: approximately RMB366.15 million), which was mainly due to the year-on-year decrease of the Group's revenue from the intelligent terminal products sales business, software development business and system maintenance services business of approximately 38.3%, 98.6% and 16.6% respectively during the Period and the absence of revenue from the system integration business of the Group during the Period.

Gross profit and gross profit margin

During the Period, the Group's gross profit decreased by 90.6% to approximately RMB7.18 million (corresponding period of 2022: approximately RMB76.33 million), which was mainly due to the year-on-year decrease of the Group's revenue from the intelligent terminal products sales business, software development business and system maintenance services business of approximately 38.3%, 98.6% and 16.6% respectively during the Period and the absence of revenue from the system integration business of the Group during the Period. Gross profit margin decreased year-on-year by 17.2 percentage points to 3.6% (corresponding period of 2022: 20.8%), mainly due to the decrease of sales price.

Impairment losses under expected credit loss model, net of reversal

The Group's impairment losses under expected credit loss ("ECL") model, net of reversal for the Period included changes in ECLs during the Period for financial assets, such as rental deposits, trade receivables and other receivables. During the Period, the impairment losses under ECL model, net of reversal increased substantially to approximately RMB111.76 million (corresponding period of 2022: approximately RMB2.65 million). This was mainly due to an increase in the ageing of the Group's trade receivables as at 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent settlement in respect of trade receivables

There were subsequent settlements of the trade receivables that amounted to approximately RMB61.09 million, which represented approximately 5.6% of the total balance of trade receivables as at 30 September 2023. All of the subsequent settlements were in cash.

Loss attributable to owners of the Company

As a result of the above factors, the Group recorded loss attributable to owners of the Company of approximately RMB135.39 million for the Period (corresponding period of 2022: profit attributable to owners of the Company of approximately RMB7.39 million), which was mainly due to (i) the impairment losses under ECL model, net of reversal for the Period, increased substantially as compared with corresponding period of 2022; and (ii) gross profit for the Period decreased significantly as compared with corresponding period of 2022.

Capital structure, liquidity and financial resources

As at 30 September 2023, the Group's net current assets were approximately RMB214.61 million (31 March 2023: approximately RMB323.79 million).

As at 30 September 2023, the Group's bank balances and cash were approximately RMB0.85 million (31 March 2023: approximately RMB206.72 million). The current ratio (a ratio of current assets to current liabilities) was approximately 1.2 times (31 March 2023: approximately 1.2 times).

As at 30 September 2023, the Group's total bank and other borrowings were approximately RMB120.62 million (31 March 2023: approximately RMB117.32 million).

During the Period, the Company issued bonds at par value in an aggregate principal amount of HK\$320,000 (equivalent to approximately RMB295,040) (31 March 2023: HK\$62,534,000 (equivalent to approximately RMB46,896,214)) 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 9% per annum (2023: 1% to 9% per annum), payable annually in arrears with a maturity period of 1 year (2023: 1 to 2 years).

During the Period, the Group issued by way of placing (i) convertible bonds in a total principal amount of HK\$53,592,000 and (ii) 8,148,000 new shares under 2022 General Mandate. Details are set out in the sections headed "USE OF NET PROCEEDS — Placing of Convertible Bonds in a Total Principal Amount of HK\$53,592,000 under 2022 General Mandate" and "USE OF NET PROCEEDS — Placing of 8,148,000 New Shares under 2022 General Mandate" in this Interim Report below.

As at 30 September 2023, 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\$7.0847 million divided into 708,466,773 Shares of HK\$0.01 each.

Gearing ratio

As at 30 September 2023, 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 50.3% (31 March 2023: approximately 39.5%, calculated by dividing total borrowings (including bank and other borrowings and bonds payables) by total equity).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Pledge of the Group's assets

As at 30 September 2023, (i) investment properties with an aggregate fair value of approximately RMB20,520,000 (31 March 2023: approximately RMB20,520,000); (ii) the Group's equity interest in IBO Communication (31 March 2023: the Group's equity interest in IBO Communication); and (iii) trade receivables with carrying amount of approximately RMB249,600,000 (31 March 2023: approximately RMB236,463,000) have been pledged to the banks as security for the bank borrowings granted to the Group.

As at 30 September 2023, the Group's listed securities of aggregate carrying amount of approximately RMB30,632,000 (31 March 2023: RMB36,181,000) 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 or disposal of subsidiaries or associates.

Significant investment

The Group did not have any significant investment as at 30 September 2023 (including any investment in an investee company, which accounted for 5% or more of the Group's total assets as at 30 September 2023).

Future plans for significant investments and capital assets

The Company is considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. Negotiations are underway for the possible disposal of a significant business. No details of future plans for material investments or capital assets yet as at the date of this Interim Report.

Employee and remuneration policy

As at 30 September 2023, the Group employed a total of 135 employees (30 September 2022: 205 employees). For the Period, staff costs (including Directors' emolument) were approximately RMB25.23 million (corresponding period of 2022: approximately RMB32.79 million). The share option scheme (the "**Share Option Scheme**") was adopted by the Company on 6 December 2017 to attract, retain and motivate talented employees to strive for future developments and expansion of the Group. On 16 July 2021, 36,970,524 share options were granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme, and 31,477,893 share options were outstanding as at 30 September 2023. On 20 August 2021, 4,100,000 share options were granted to the special assistant to the chairman and the general manager of the Company pursuant to the Share Option Scheme, and the share options were outstanding as at 30 September 2023. As at the date of this report, none of the share options granted on 16 July 2021 and 20 August 2021 have been exercised. As at 28 October 2022, 54,000,000 share options were granted to eligible employees under the Share Option Scheme and 27,000,000 share options had been exercised as at 30 September 2023. As at the date of this report, 27,000,000 share options granted on 28 October 2022 have not been exercised.

MANAGEMENT DISCUSSION AND ANALYSIS

WINDING UP PETITION

On 24 July 2023, a Petition was filed by the Petitioner with the High Court of Hong Kong for the winding-up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), in relation to the Petitioner's claim for outstanding debts in relation to the Bonds in the principal amount of HK\$1,500,000.00 and as at 24 July 2023, the Company is allegedly indebted to the Petitioner in the aggregate sum of HK\$1,697,547, with HK\$1,500,000.00 being the outstanding principal under the Bonds and HK\$197,547 being the unpaid accrued interest thereunder. The Petitioner later amended the Petition with a revised alleged claim of HK\$5,503,616, which represent net amount of the outstanding principal of the Bonds issued by the Company and the interest. In addition, a few alleged creditors of the Company have filed Notice of Intention to Appear on the Petition. On 3 November 2023, the validation order in respect of the Petition was granted by the High Court. On 29 November 2023, hearing of the Petition was further adjourned to 4 December 2023.

In view of the Petition and the indebtedness of the Company, on 28 November 2023, the Company announced its proposal to raise up to HK\$254,497,539.78 before expenses, by way of the Rights Issue, by issuing up to 2,313,613,998 rights shares (assuming full conversion of the convertible bonds and all share options are exercised in full, but otherwise no other Shares are issued and no repurchase of Shares) at the subscription price of HK\$0.11 per rights share on the basis of three (3) rights shares for every one (1) existing Share held on the record date.

The estimated net proceeds from the Possible Rights Issue will not be more than approximately HK\$249 million and the Company will apply the proceeds for repayment of outstanding indebtedness and general working capital of the Group. On 28 November 2023, the Company entered into an underwriting agreement with VC Brokerage Limited whereby VC Brokerage Limited agrees to underwrite the Rights Issue on a best effort basis. Details of the Rights Issue were set out in the announcement of the Company dated 28 November 2023.

The Company is also considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. Negotiations are underway for the possible disposal of a significant business. The Company and its legal team are contacting the Company's creditors and/or their legal advisers for debt capitalisation. The aim of the Company is, in addition to the Rights Issue, to effectuate debt capitalisation to swap the outstanding indebtedness or such relevant part thereof into new Shares to be issued and allotted by the Company therefor so as to reduce the amount of the outstanding indebtedness as much as possible.

Assuming full subscription under the Rights Issue, the Company expects that it will obtain sufficient financial resources to settle the outstanding indebtedness upon completion of the Rights Issue and/or the debt capitalisation.

Further details of the Petition are set out in the announcements of the Company dated 27 July 2023, 31 August 2023, 19 September 2023, 27 September 2023, 18 October 2023, 1 November 2023, 3 November 2023 and 29 November 2023, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE PERIOD

Entering into Investment and Acquisition Agreement with Hangzhou Yixin

On 29 May 2023, the Company, IBO Intelligent, the Original Yixin Shareholders (as defined in the announcement of the Company dated 29 May 2023) and Hangzhou Yixin entered into the investment and acquisition agreement, pursuant to which (i) IBO Intelligent conditionally agreed to invest an amount in RMB which is equal to HK\$40,000,000 (equivalent to RMB36,035,600) in Hangzhou Yixin in order to hold 5.00% of the share capital of Hangzhou Yixin upon the completion; and (ii) after the completion and the completion of the Restructuring (as defined in the announcement of the Company dated 29 May 2023), the Company shall have the Right (as defined in the announcement of the Company dated 29 May 2023) to proceed with the Further Investment (as defined in the announcement of the Company dated 29 May 2023) such that the Group will hold an aggregate of 35% to 46% of the share capital of Hangzhou Yixin.

Hangzhou Yixin is a company established under the laws of and continued in the PRC with limited liability. Hangzhou Yixin is a high-tech company principally engaged in the design and development of constant pressure and constant power airflow sensing chips, as well as the production and sales of modules.

The Directors believe that the subscription and the right of the further investment, with the current economic environment recovery and the growth potential in the business sector of Hangzhou Yixin, is an opportunity for the Company's hardware business to tap into chips manufacturing business, particularly the "airflow sensing chips". The Directors consider that the terms and conditions of the investment and acquisition agreement are fair and reasonable and on normal commercial terms, accordingly, the entering into of the investment and acquisition agreement is in the interests of the Company and the Shareholders as a whole.

Further details are set out in the announcements of the Company dated 29 May 2023, 2 June 2023 and 7 July 2023.

Entering into Letter of Intent in Relation To Investment in Shandong Xingang Electronic Technology Company Limited* (山東新港電子科技有限公司)

On 4 July 2023, the Company and Mr. Teng Da Cheng* (滕大成) entered into a letter of intent, pursuant to which the Company and/or its subsidiaries intends to invest in Shandong Xingang Electronic Technology Company Limited* (山東新港電子科技有限公司).

MANAGEMENT DISCUSSION AND ANALYSIS

Shandong Xingang Electronic Technology Company Limited* (山東新港電子科技有限公司) is a limited liability company established under the laws of the PRC. It is mainly engaged in the research and development, production and sales of capacitive/digital switch type airflow sensors, disposable/rechargeable functional airflow sensors, MEMS airflow sensors, electronic cigarette controller “**customised**” modules, ECM microphones and MEMS sensors. Shandong Xingang Electronic Technology Company Limited* (山東新港電子科技有限公司) is a professional acoustic device and MEMS sensor product total solution provider and a leading high and new technology enterprise in the field of ECM microphone and MEMS sensor in the PRC. Mr. Teng Da Cheng* (滕大成) is the largest shareholder of Shandong Xingang (山東新港電子科技有限公司) Electronic Technology Company Limited* holding 49.9% equity interest.

Further details are set out in the announcement of the Company dated 4 July 2023.

BUSINESS OUTLOOK AND STRATEGIES

During the Period, the Group suffered multiple setbacks, such as the sluggish external business environment and the Petitions. However, the management has formulated various strategic initiatives, aiming to overcome these challenges. To optimise the operation and forge ahead with perseverance and resilience, the Group will adopt a raft of measures for business restructuring, such as termination of underperformed businesses and allocation of resources to those with bright prospects, for improving operational efficiency and profitability.

The electronic cigarette market will be one of the Group’s core focuses in the future. With the continuous tightening of global smoking control policies, the acceptance of electronic atomisation terminals is constantly increasing. At the same time, the industry is benefiting from the maturing product technology and the increasing investment by industry giants, new types of tobacco products represented by electronic atomisation terminals, will have unlimited growth potential in the future. The Group plans to formally tap into the airflow sensing chip market in the PRC by investing in Hangzhou Yixin and Shandong Xingang Electronic Science and Technology Co., Ltd.* (山東新港電子科技有限公司) . with an aim to proactively capture the market opportunities arising from the rapid development of the electronic cigarette market. By leveraging on the significant growth potential of Hangzhou Yixin and Shandong Xingang Electronic Science and Technology Co., Ltd.* (山東新港電子科技有限公司) in their respective business areas, the Group expects to concentrate resources to address the strong demand of electronic cigarette market in the PRC, thereby contributing steady revenue to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the headwinds, the Group believes that business will be back on track subsequent to the conclusion of the Petition and business reorganisation. On 28 November 2023, the Company entered into an underwriting agreement with VC Brokerage Limited for a rights issue on the basis of three (3) rights shares for every one (1) existing share at the proposed subscription price of HK\$0.11 per rights shares. The estimated net proceeds from the Rights Issue will be not more than approximately HK\$249 million and the Company will apply the proceeds for repayment of outstanding debts and general working capital of the Group. The Company is considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. Negotiations are underway for the possible disposal of a significant business. In addition, upon initial negotiations, the Group's determination to reorganize its business has received strong support from its shareholders. The Group remains optimistic about its future business development. At the same time, it will continue to take prudent measures to further develop its existing business while strengthening its foundation so as to maintain its profitability and market competitiveness.

USE OF NET PROCEEDS

Placing of Convertible Bonds in a Total Principal Amount of HK\$53,592,000 under 2022 General Mandate

On 28 March 2023, the Company and Yuet Sheung International Securities Limited (as the placing agent) entered into the placing agreement for the placing of convertible bonds in the aggregate principal amount of up to HK\$92,400,000 at the initial conversion price of HK\$1.54 per conversion share (subject to adjustments) under the general mandate granted at the annual general meeting of the Company held on 20 September 2022 ("**2022 General Mandate**"). The last day of the two-year period from the issue date is the maturity date. The outstanding principal amount of the convertible bonds bears interests at 8% per annum and shall be payable on the maturity date. On 28 March 2023, being the date on which the terms of the issue were determined, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.54 per Share.

On 2 May 2023, convertible bonds in an aggregate principal amount of HK\$53,592,000 were successfully placed to not less than six places, all of whom and whose ultimate beneficial owners are independent third parties. Assuming full conversion of the aforesaid convertible bonds into conversion shares based on the initial conversion price of HK\$1.54 per conversion share, 34,800,000 conversion shares with aggregate nominal value of HK\$348,000 will be allotted and issued by the Company. During the Period and as at 30 September 2023, the conversion rights attached to the convertible bonds with an principal amount of HK\$50,820,000 have been exercised at the initial conversion price of HK\$1.54 per conversion share, and 33,000,000 conversion shares with an aggregate nominal value of HK\$330,000 have been allotted and issued to the convertible bond holders.

As at 30 September 2023, the outstanding aggregate principal amount of convertible bonds was HK\$2,772,000. Assuming full conversion of the aforesaid convertible bonds into conversion shares based on the initial conversion price of HK\$1.54 per conversion share, 1,800,000 conversion shares with aggregate nominal value of HK\$18,000 will be allotted and issued by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross proceeds of the placing were HK\$53,592,000. The net proceeds of the placing after deducting the placing commission and other expenses) were approximately HK\$51,900,000 (equivalent to approximately RMB45,800,000). The net conversion price, after deduction of relevant expenses, was approximately HK\$1.49 per conversion share. Further details are set out in the announcements of the Company dated 28 March 2023, 3 April 2023 and 2 May 2023.

The Directors are of the view that the placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Accordingly, the Directors are of the view that the terms of the placing agreement (including the terms of the convertible bonds) are fair and reasonable and the placing is in the interests of the Company and the Shareholders as a whole.

As of 30 September 2023, the Group has fully utilised the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 2 May 2023. The utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from placing of convertible bonds		Actually utilised amount as of 30 September 2023	Unutilised amount as of 30 September 2023
	%	RMB million	RMB million	RMB million
Purchase of inventories for the intelligent terminal products sales	48.0	22.0	22.0	–
Sales and services rendering related business expenses	12.0	5.5	5.5	–
General working capital including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group	40.0	18.3	18.3	–
	100.0	45.8	45.8	–

Placing of 8,148,000 New Shares under 2022 General Mandate

On 19 June 2023, the Company and Yuet Sheung International Securities Limited (as the placing agent) entered into a placing agreement for the placing of up to 30,000,000 new Shares at the placing price of HK\$1.14 per Share. On 3 July 2023, the Company and the Placing Agent entered into a supplemental agreement to reduce the maximum number of placing Shares to be placed by the placing agent to 8,148,000 new Shares. On 19 June 2023, being the date on which the terms of the issue were determined, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.14 per Share.

On 5 July 2023, all of the 8,148,000 placing Shares with aggregate nominal value of HK\$81,480 were successfully placed by the placing agent to not less than six placees, all of whom and whose ultimate beneficial owners are independent third parties.

The gross proceeds and net proceeds (after deducting the commission paid to the placing agent, professional fee and other related costs and expenses in relation to the placing) from the placing were approximately HK\$9.29 million and approximately HK\$9.03 million (equivalent to approximately RMB8.3 million), respectively. The net placing price after deducting related expenses was approximately HK\$1.108 per Share.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are of the view that as (i) the terms of the placing agreement were determined following arm's length negotiations between the Company and the placing agent and are on normal commercial terms; (ii) the placing represents a good opportunity to raise additional funds through the equity market as well as to broaden the capital and shareholder base of the Company; and (iii) the net proceeds of the placing will strengthen the liquidity position of the Group. Accordingly, the Directors consider that the placing is in the interests of the Company and the Shareholders as a whole.

Further details are set out in the announcements of the Company dated 19 June 2023, 3 July 2023 and 5 July 2023.

As of 30 September 2023, the Group has used up all of the net proceeds. The utilisation of net proceeds was summarised as below:

	Planned allocation of the net proceeds from the placing of new Shares		Actually utilised amount as of 30 September 2023	Unutilised amount as of 30 September 2023
	%	RMB million	RMB million	RMB million
Subscription (as defined in the announcement of the Company dated 29 May 2023)	40.0	3.32	– (Note)	– (Note)
Purchase inventories for the intelligent terminal products sales	32.0	2.66	2.66	–
Sales and services rendering related business expense	8.0	0.66	0.66	–
General working capital including but not limited to staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group	20.0	1.66	4.98	–
	100.0	8.30	8.30	–

Note:

As the Subscription (as defined in the announcement of the Company dated 29 May 2023) has not yet been implemented, the net proceeds has been applied for general working capital including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

Six months ended
30 September

	Notes	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	3	199,016	366,154
Cost of sales and services rendered		(191,840)	(289,826)
Gross profit		7,176	76,328
Other income	5	866	4,234
Other losses, net	6	(4,561)	(17,946)
Share of results of associates		–	(5)
Impairment losses under expected credit loss model, net of reversal		(111,757)	(2,652)
Distribution and selling expenses		(2,202)	(3,356)
Administrative expenses		(24,528)	(37,483)
Finance costs		(12,123)	(9,084)
Research and development expenses		(13,102)	(3,613)
(Loss) profit before taxation		(160,231)	6,423
Income tax credit (expense)	7	10,242	(7,348)
Loss and total comprehensive expense for the period	8	(149,989)	(925)
(Loss) profit and total comprehensive (expense) income for the period attributable to			
– Owners of the Company		(135,394)	7,390
– Non-controlling interests		(14,595)	(8,315)
		(149,989)	(925)
(Loss) earnings per share			
– Basic (RMB cents)	10	(19.59)	1.17
– Diluted (RMB cents)	10	(19.59)	1.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	30 September 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	5,927	6,754
Right-of-use assets		5,933	3,369
Investment properties		20,520	20,520
Goodwill		20,032	20,032
Intangible assets		28,733	31,524
Interests in associates		212,998	212,998
Rental deposits		246	272
		294,389	295,469
Current assets			
Inventories		26,807	44,731
Trade and other receivables	12	1,289,856	1,497,208
Amounts due from non-controlling interests		468	35
Financial assets at fair value through profit or loss		33,132	71,181
Pledged bank deposits		–	14,000
Bank balances and cash		846	206,719
		1,351,109	1,833,874
Current liabilities			
Trade and other payables	13	850,391	1,253,954
Lease liabilities		1,433	723
Amounts due to non-controlling interests		14,263	9,203
Bank and other borrowings	14	100,585	97,213
Bonds payables	15	116,243	95,134
Tax payables		53,587	53,859
		1,136,502	1,510,086
Net current assets		214,607	323,788
Total assets less current liabilities		508,996	619,257

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	30 September 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	14	20,037	20,108
Bonds payables	15	–	11,505
Convertible bonds	16	1,884	–
Lease liabilities		4,554	2,614
Deferred tax liabilities		7,552	17,794
		34,027	52,021
Net Assets			
		474,969	567,236
Capital and reserves			
Share capital	17	5,991	5,616
Reserves		430,194	508,241
Equity attributable to owners of the Company		436,185	513,857
Non-controlling interests		38,784	53,379
Total Equity			
		474,969	567,236

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

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 (accumulated) losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2022 (audited)	4,865	489,904	(43,325)	28,488	46,602	8,085	534,619	86,595	621,214
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	-	-	7,390	7,390	(8,315)	(925)
Issue of share under Specific Mandate (note 17)	337	50,074	-	-	-	-	50,411	-	50,411
Issuance of shares by the conversion of convertible bonds (note 18)	97	28,983	-	-	-	-	29,080	-	29,080
Issuance of shares as consideration for acquisition of subsidiaries in previous year (note 17)	70	33,386	-	-	-	-	33,456	-	33,456
Recognition of equity-settled share based payments	-	-	-	8,935	-	-	8,935	-	8,935
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	16,500	16,500
Transfer	-	-	-	-	3,558	(3,558)	-	-	-
At 30 September 2022 (unaudited)	5,369	602,347	(43,325)	37,423	50,160	11,917	663,891	94,780	758,671
At 1 April 2023 (audited)	5,616	661,764	(43,325)	62,804	46,602	(219,604)	513,857	53,379	567,236
Loss and total comprehensive expense for the period	-	-	-	-	-	(135,394)	(135,394)	(14,595)	(149,989)
Issue of share under General Mandate (note 17)	75	8,462	-	-	-	-	8,537	-	8,537
Issuance of shares by the conversion of convertible bonds (note 17)	300	45,935	-	-	-	-	46,235	-	46,235
Recognition of equity-settled share based payments	-	-	-	2,950	-	-	2,950	-	2,950
Cancellation of share options	-	-	-	(6,017)	-	6,017	-	-	-
At 30 September 2023 (unaudited)	5,991	716,161	(43,325)	59,737	46,602	(348,981)	436,185	38,784	474,969

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 2023

Six months ended
30 September

	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(290,511)	(243,706)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	22,368	(69,655)
NET CASH GENERATED FROM FINANCING ACTIVITIES	62,270	109,620
NET DECREASE IN CASH AND CASH EQUIVALENTS	(205,873)	(203,741)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	206,719	243,611
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD represented by bank balances and cash	846	39,870

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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”).

Going concern basis

For the six months ended 30 September 2023, the Group incurred a loss of approximately RMB149,989,000 and as at 30 September 2023, the Group had bank and other borrowings of approximately RMB100,585,000 and bonds payable of approximately RMB116,243,000 due for repayment within the next twelve months and bank balances and cash of approximately RMB846,000. In addition, the Company received a petition for the winding up of the Company, details as disclosed in note 20 to the condensed consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group’s financial position, the directors are implementing various plans and measures, as follows:

- (i) to restructure and capitalise certain of the Group’s liabilities into new shares as stated in note 20 to the condensed consolidated financial statements;
- (ii) the proposed rights issue of shares in Company as detailed in note 21(a) to the condensed consolidated financial statements;
- (iii) possible disposal of a significant business as detailed in note 21(b) to the condensed consolidated financial statements; and
- (iv) the Group is considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer, placing of new shares and issuance of convertible bonds.

These condensed consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the abovementioned plans and measures to be undertaken by the Group. The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 30 September 2023. The directors of the Company are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 values, at the end of each reporting period, 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 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2023.

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 2023 for the preparation of the Group’s condensed consolidated financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. REVENUE

Disaggregation of revenue

Types of goods or services

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Intelligent terminal products sales	193,503	313,866
Provision of coordination, management and installation services	–	264
Software development	625	46,162
System maintenance services	4,888	5,862
	199,016	366,154

Timing of revenue recognition

	Six months ended 30 September 2023 (Unaudited)					Total RMB'000
	Intelligent terminal products sales RMB'000	Provision of coordination, management and installation services RMB'000	Software development RMB'000	System maintenance services RMB'000		
A point in time	193,503	–	–	–		193,503
Over time	–	–	625	4,888		5,513
	193,503	–	625	4,888		199,016

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 2023 (Unaudited)

	Intelligent terminal products sales RMB'000	System integration RMB'000	Software development RMB'000	System maintenance services RMB'000	Total RMB'000
REVENUE					
External sales	193,503	–	625	4,888	199,016
SEGMENT (LOSS) PROFIT	(71,567)	(16,610)	(18,478)	1,654	(105,001)
Unallocated income					866
Unallocated expenses					(14,884)
Administrative expenses					(24,528)
Finance costs					(12,123)
Unallocated other losses, net					(4,561)
Loss before taxation					(160,231)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2022 (Unaudited)

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Geographical information

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

	Revenue Six months ended 30 September		Specified non-current assets	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	At 30 September 2023 RMB'000 (Unaudited)	At 31 March 2023 RMB'000 (Audited)
The PRC	199,016	366,154	292,729	294,303
Hong Kong	–	–	1,414	894
	199,016	366,154	294,143	295,197

5. OTHER INCOME

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income from bank deposits	229	40
Rental income from investment properties	156	267
Government grants (<i>Note</i>)	471	872
Others	10	3,055
	866	4,234

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"), 深圳市偉圖科技開發有限公司 (Shenzhen Weitu Technology Development Company Limited) ("Weitu Technology") and 深圳市艾伯通信有限公司.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

6. OTHER LOSSES, NET

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net exchange loss	(7,366)	(9,722)
Gain (loss) on change in fair value of financial assets at fair value through profit or loss	2,232	(7,640)
Loss on change in fair value of investment properties	–	(280)
Recognition of deferred loss from initial recognition of convertible bonds	(91)	(287)
Gain on change in fair value of the derivative component of the convertible bonds	761	–
Others	(97)	(17)
	(4,561)	(17,946)

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	–	6,484
Deferred tax	(10,242)	864
	(10,242)	7,348

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. INCOME TAX (CREDIT) EXPENSE (Continued)

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 (2022: 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 2022, 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 2025 in accordance with the PRC EIT Law.

In December 2022, 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 2025 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 2023

8. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD

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

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	1,909	1,573
Depreciation of right-of-use assets	745	2,893
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	795	5,095
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	191,840	289,826
Impairment loss recognised in respect of trade receivables	112,177	4,877
Impairment loss recognised in respect of contract assets	–	5
Impairment loss reversed in respect of other receivables	(420)	(2,204)
Impairment loss reversed in respect of rental deposits	–	(18)
Impairment loss reversed in respect of amounts due from non-controlling interests	–	(8)

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period (2022: nil), nor had any dividend been proposed since the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic and diluted (loss) earnings per share	(135,394)	7,390

	Six months ended 30 September	
	2023 '000	2022 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share	691,040	631,718

For the six months ended 30 September 2023, diluted loss per share attributable to owners of the Company were the same as the basic loss per share because the computation of diluted loss per share does not assume the exercise of the Company's share options and conversion of the outstanding convertible bonds as the exercise price or conversion price of those share options and convertible bonds were higher than the average market price of the Company's share for the six months ended 30 September 2023.

For the six months ended 30 September 2022, as the Company's outstanding convertible bonds and share options had an anti-dilutive effect to the basic earnings per share calculation, the conversion of the above potential shares is not assumed in the computation of diluted earnings per share. Therefore, the basic and diluted earnings per share for the six months ended 30 September 2022 is equal.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the interim period, the Group acquired items of property, plant and equipment of approximately RMB1,204,000 (30 September 2022: RMB454,000) and disposed of items of property, plant and equipment of approximately RMB122,000 (30 September 2022: Nil).

12. TRADE AND OTHER RECEIVABLES

	30 September 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
Trade receivables	1,092,144	1,429,048
Less: allowance for ECL	(296,009)	(183,832)
	796,135	1,245,216
Other receivables, net of ECL	36,148	16,842
Value-added tax recoverable	597	240
Prepayments for purchase of inventories	456,156	233,633
Rental deposit, net of ECL	820	1,277
Total trade and other receivables	1,289,856	1,497,208

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

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

	30 September 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
0-30 days	995	299,785
31-90 days	67,463	283,111
91-180 days	33,955	97,744
181-365 days	205,654	299,943
Over 365 days	488,068	264,633
	796,135	1,245,216

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. TRADE AND OTHER PAYABLES

	30 September 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
Trade payables (<i>note a</i>)	605,031	862,434
Bills payables	–	14,000
Contract liabilities (<i>note b</i>)	411	37,423
Other payables	32,058	46,413
Other tax payables	145,536	174,123
Accrued expenses	28,072	14,875
Accrued payroll expenses	36,928	25,359
Deposits received for issue of convertible bonds	–	44,547
Investment cost payables	1,219	34,780
Interest payables	1,136	–
Total trade and other payables	850,391	1,253,954

Notes:

- (a) 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 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
0-90 days	130,123	373,431
91-180 days	9,076	110,013
181-365 days	34,510	33,524
1-2 years	385,942	307,158
Over 2 years	45,380	38,308
	605,031	862,434

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. BANK AND OTHER BORROWINGS

	30 September 2023 RMB'000	31 March 2023 RMB'000
Secured bank borrowings (<i>note a</i>)	40,229	39,360
Unsecured bank borrowings	46,251	38,186
Unsecured other borrowings	23,386	21,077
Secured margin account payable (<i>note b</i>)	10,756	18,698
	120,622	117,321

Notes:

- (a) During the current interim period, the Group obtained new bank borrowings amounting to RMB50,670,000 (30 September 2022: RMB48,850,000). The loans carry interest rates ranging from 4.5% to 9% (30 September 2022: 3.6% to 9.0%) and are repayable in instalments over a range of period of 1 to 2 years, the proceeds were used to finance daily operation of businesses.
- (b) Secured margin account payable is secured by certain listed securities held by the Group and carry interest at 9.25% per annum.

15. BONDS PAYABLES

During the current interim period, the Group issued bonds at par value in an aggregate principal amount of HK\$320,000 (equivalent to approximately RMB295,040) (31 March 2023: HK\$62,534,000 (equivalent to approximately RMB46,896,214)) 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 9% per annum (2023: 1% to 9% per annum), payable annually in arrears with a maturity period of 1 year (2023: 1 to 2 years).

As at 30 September 2023, bonds with the principal amount of approximately RMB65,083,000 (31 March 2023: RMB15,600,000) were overdue and yet to be renewed by the Company.

16. CONVERTIBLE BONDS

On 2 May 2023, the Company completed the issue of convertible bonds (the "CB") with the aggregate principal amount of HK\$53,592,000 (equivalent to approximately RMB47,456,000) to independent third parties. The convertible bonds are denominated in HK\$. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and the close of the maturity date at a conversion price of HK\$1.54 per share. If the bonds had not been converted, they will be redeemed on maturity date on 2 May 2025 at par. Interest of 8% per annum will be paid on the maturity date.

On 13 and 15 June 2023, the Company received conversion notices from the holder of the CB for the conversion of their CB into ordinary shares. As a result, 33,000,000 new shares of HK\$0.01 each in share capital of the Company were issued upon conversion of the CB during the period ended 30 September 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

16. CONVERTIBLE BONDS (Continued)

The movements of the liability and the derivative components of the convertible bonds as well as the deferred Day-1 loss for the current period are set out as below:

	Liability component RMB'000	Derivative component RMB'000	Deferred Day-1 loss RMB'000	Total RMB'000
At 1 April 2023	–	–	–	–
Upon issue of convertible bonds	32,950	14,601	(95)	47,456
Transaction costs	(987)	–	–	(987)
Conversion to shares	(32,031)	(14,204)	–	(46,235)
Interest charge	1,070	–	–	1,070
Recognition of deferred Day-1 loss in profit or loss	–	–	91	91
Change in fair value	–	(761)	–	(761)
Exchange realignment	872	378	–	1,250
At 30 September 2023	1,874	14	(4)	1,884

17. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
--	------------------	---------------------------

Ordinary shares of HK\$0.01 each

Authorised:

At 31 March 2023, 1 April 2023 and 30 September 2023

1,000,000,000

10,000

	Number of shares	Share capital HK\$'000	Shown in the consolidated statement of financial position RMB'000
Issued and fully paid:			
1 April 2022 (audited)	580,523,141	5,805	4,865
Issue of shares under Specific Mandate (Note i)	40,000,000	400	337
Issue as consideration shares (Note ii)	8,195,632	82	70
Issue of shares arising from conversion of convertible bonds	11,600,000	116	97
At 30 September 2022 (unaudited)	640,318,773	6,403	5,369
At 31 March 2023 and 1 April 2023 (audited)	667,318,773	6,673	5,616
Issue of shares under General Mandate (Note iii)	8,148,000	82	75
Issue of shares arising from conversion of convertible bonds	33,000,000	330	300
At 30 September 2023 (unaudited)	708,466,773	7,085	5,991

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. SHARE CAPITAL (Continued)

Notes:

- (i) As disclosed in the circular of the Company dated 25 April 2019, one of the conditions precedents to the First Stage Subscription of the Subscription Agreement is that, the respective total revenue of the Group as shown in the relevant audited accounts for each of the financial years ended 31 March 2019 and 31 March 2020 are 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.

Since all the conditions precedents of the First Stage Subscription have been fulfilled and the Subscriber, Shine Well, the ultimate holding company, has completed the financial arrangement in relation to the First Stage Subscription. Accordingly, 50,000,000 Subscription Shares at HK\$1.5 per subscription price were allotted and issued to the Subscriber under the Specific Mandate and the First Stage Subscription was completed on 3 February 2021. For details please refer to the Company's announcement dated 3 February 2021.

As disclosed in the Circular, pursuant to one of the conditions precedents to the Second Stage Subscription, the respective total revenue of the Group as shown in the relevant audit report to be prepared by the auditor of the Company for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 being not lower than RMB265,875,000, RMB358,931,250 and RMB484,557,190 (the **"Second Revenue Targets"**).

The audited report of the Group for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 indicated that the Second Revenue Targets had exceeded RMB265,875,000, RMB358,931,250 and RMB484,557,190 respectively. In addition, all conditions precedents of the Second Stage Subscription have been fulfilled. The Company has allotted and issued 10,000,000 subscription shares to Shine Well on 18 February 2022. As disclosed in the announcement of the Company dated 31 March 2022, pursuant to the seventh supplemental subscription agreement, as additional time was required by Shine Well to complete the financial arrangement in relation to the Second Stage Subscription, the Company and Shine Well mutually agreed to extend the completion of the Second Stage Subscription to 30 April 2022. The remaining 40,000,000 subscription shares have been allotted and issued to Shine Well on 29 April 2022. Details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020, 3 February 2021, 29 September 2021, 30 December 2021, 31 January 2022, 21 February 2022, 31 March 2022 and 29 April 2022, and the Circular.

- (ii) On 25 May 2022, 8,195,632 Consideration Shares in respect of the Third Year Guaranteed Profit were allotted and issued by the Company to Vendor I under the General Mandate. Details are set out in announcement of the Company date 25 May 2022.
- (iii) Pursuant to a placing agreement dated 19 June 2023 (as supplemented by a supplemental placing agreement dated 3 July 2023) between the Company and a placing agent, the placing agent agreed to place a maximum of 8,148,000 new ordinary shares of HK\$0.01 each at a price of HK\$1.14 per share to independent parties. The proceeds would be used for subscription, supplement cash flow of the Group and, as well as its working capital and other general corporate purposes.

On 5 July 2023, the placing was completed and 8,148,000 new Shares were issued by the Company to not less than six placees at the placing price of HK\$1.14 per placing share pursuant to the terms and conditions of the placing agreement (as supplemented by a supplemental placing agreement dated 3 July 2023).

Details of the share placement were contained in the Company's announcements dated 19 June 2023, 3 July 2023 and 5 July 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

18. 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 6 December 2017 and refreshed on 26 September 2018, 15 October 2019 and 30 September 2021.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be allotted and issued upon exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the total number of shares in issue on the date of listing on the Stock Exchange, without prior approval from the Company’s shareholders. The Company may, subject to the issue of a circular, the shareholders’ approval in general meeting and/or such other requirements prescribed under the Rules Governing the Listing of the Securities on the Stock Exchange, refresh this limit at any time to 10% of the total number of shares in issue as at the date of the shareholders’ approval. The total number of shares issued and which may fall to be issued upon exercise of the share options granted under the Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company in issue at any point in time, without prior approval from the Company’s shareholders. Share options granted to substantial shareholders or independent non-executive directors or any of their respective associates as defined under the Scheme which would result in the shares issued and to be issued upon exercise of all share options under the Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant represent in aggregate in excess of 0.1% of the relevant class of securities of the Company in issue and with an aggregate value in excess of HK\$5 million must be approved in advance by the Company’s shareholders.

Share options granted must be taken up within 28 days of the date of the offer grant. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of a share option.

Share options may be exercised at any time from the vesting date to the maturity date of share options but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

18. SHARE OPTION SCHEME (Continued)

The Group recognised the expense of approximately RMB2,950,000 for the period ended 30 September 2023 (30 September 2022: RMB8,935,000) in relation to share options granted by the Company. No share options granted under the Scheme were exercised during the period ended 30 September 2023 (30 September 2022: Nil).

On 21 July 2023, Mr. Yu Kin Keung retired as an executive director of the Company and the Board cancelled his 5,492,631 share options which had a carrying amount of approximately RMB6,017,000 on the same day.

Other than as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) or their associates to acquire benefits by means of the acquisition of Shares and/or debt securities, including debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")).

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 services provided by service providers cannot be estimated reliably and as a result, the fair value is measured by reference to the fair value of share option granted.

The following assumptions were used to calculate the fair values of share options granted to directors and employees:

	28 October 2022	20 August 2021	16 July 2021	15 October 2019	17 May 2019	29 June 2018
Methodology	Trinomial model	Trinomial model	Trinomial model	Binomial option pricing model	Binomial option pricing model	Binomial option pricing model
Grant date share price	HK\$1.55	HK\$3.28	HK\$3.59	HK\$2.00	HK\$1.78	HK\$1.60
Exercise price	HK\$2.2	HK\$3.35	HK\$3.65	HK\$1.60	HK\$1.60	HK\$1.61
Expected life	3.0 years	4.0 years	3.0 years	3.8 years	2.8 years	3.0 years
Expected volatility	66.6%	60.1%	56.5%	50.85%	51.98%	61.57%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	4.36%	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

19. 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Fee	2,214	1,908
Salaries and other allowances	4,332	4,255
Contribution to retirement benefits schemes	177	169
Equity-settled share-based payments	354	2,276
	7,077	8,608

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

(b) Guarantee

As at 30 September 2023, the Group's bank and other borrowings amounting to approximately RMB6,850,000 (31 March 2023: RMB7,910,000) were personally guaranteed by Mr. Lai and an amount of approximately RMB46,500,000 (31 March 2023: RMB37,800,000) were guaranteed by Mr. Lai and his close family member.

As at 30 September 2023, the Group's bank borrowings amounting to approximately RMB5,000,000 (31 March 2023: RMB5,000,000) were personally guaranteed by Mr. Ke Chengwei, the director of subsidiaries and his close family member, and with his personal property.

As at 30 September 2023, the Group's bank borrowings amounting to approximately RMB12,261,000 (31 March 2023: RMB13,352,000) were personally guaranteed by directors of the subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

20. LITIGATION

On 24 July 2023, a winding-up petition (the “**Petition**”) was filed by Ms. WEI Qianqian (魏倩倩) (the “**Petitioner**”) with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**High Court of Hong Kong**”) for the winding up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**C(WUMPO)**”), in relation to the Petitioner’s claim for outstanding debts in relation to bonds (the “**Bonds**”) in the principal amount of HK\$1,500,000.00 and as at 24 July 2023, the Company is allegedly indebted to the Petitioner in the aggregate sum of HK\$1,697,547, with HK\$1,500,000.00 being the outstanding principal under the Bonds and HK\$197,547 being the unpaid accrued interest thereunder.

On 3 November 2023, the validation order in respect of the Petition was granted by the High Court approving that all sales and purchases of the issued Shares which are listed on the Stock Exchange, whether or not through the CCASS operated by the HKSCC, and whether on or off the Stock Exchange, and the corresponding alteration in the status of the members of the Company shall not be void by virtue of the Petition under section 182 of the C(WUMPO).

In view of the Petition and the indebtedness of the Company, on 28 November 2023, the Company announced its proposal to raise up to HK\$254,497,539.78 before expenses, by way of the rights issue, by issuing up to 2,313,613,998 rights shares, assuming full conversion of the convertible bonds and all share options are exercised in full, but otherwise no other Shares are issued and no repurchase of Shares (“**Rights Issue**”). Please refer to note 21(a) below for further details of the Rights Issue.

The Company is also considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. Negotiations are underway for the possible disposal of a significant business. The Company and its legal team are contacting the Company’s creditors and/or their legal advisers for debt capitalisation. The aim of the Company is, in addition to the Rights Issue, to effectuate debt capitalisation to swap the outstanding indebtedness or such relevant part thereof into new Shares to be issued and allotted by the Company therefor so as to reduce the amount of the outstanding indebtedness as much as possible. Assuming full subscription under the rights issue, the Company expects that it will obtain sufficient financial resources to settle the outstanding indebtedness upon completion of the Rights Issue and/or the debt capitalisation.

Details and progress of the Petition are set out in the announcements of the Company dated 27 July 2023, 31 August 2023, 19 September 2023, 27 September 2023, 18 October 2023, 1 November 2023, 3 November 2023 and 29 November 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

21. EVENTS AFTER THE REPORTING PERIOD

a) Rights Issue

On 28 November 2023, the Company announced its proposal to raise up to HK\$254,497,539.78 before expenses, by way of the Rights Issue, by issuing up to 2,313,613,998 rights shares (assuming full conversion of the convertible bonds and all share options are exercised in full, but otherwise no other Shares are issued and no repurchase of Shares) at the subscription price of HK\$0.11 per rights share on the basis of three (3) rights shares for every one (1) existing Share held on the record date.

The estimated net proceeds from the Possible Rights Issue will not be more than approximately HK\$249 million and the Company will apply the proceeds for repayment of outstanding indebtedness and general working capital of the Group. On 28 November 2023, the Company entered into an underwriting agreement with VC Brokerage Limited whereby VC Brokerage Limited agrees to underwrite the Rights Issue on a best effort basis. Details of the Rights Issue were set out in the announcement of the Company dated 28 November 2023.

b) Possible disposal of a significant business

Pursuant to the announcement of the Company dated 29 November 2023, the Company is considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. Negotiations are underway for the possible disposal of a significant business.

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 compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are aware of any other conflicts of interest which any such person 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 2022: nil).

SHARE AWARD SCHEME

The Company does not adopt any share award scheme.

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.

1,052,314 share options were available for grant under the scheme mandate at the beginning and the end of the Period.

No share option was available for grant under the service provider sub-limit at the beginning and the end of the Period.

The number of Shares that may be issued in respect of share options granted under all schemes of the Company during the Period divided by the weighted average number of Shares of the relevant class in issue for the Period is 9.9%.

As at the date of this Interim Report, the outstanding number of share options available for issue under the existing scheme mandate limit is 1,052,314, representing 0.1% 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 63,630,207 Shares, representing 9.0% of the total number of issued Shares as at the date of this Interim Report.

OTHER INFORMATION

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 2023	Number of share options				Outstanding as at 30 September 2023	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						
Directors												
Mr. Yu Kin Keung ("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 1)
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 1)
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 1)
Mr. Liang Jun ("Mr. Liang")	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 1)
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 1)
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 1)
Consulting firm												
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 1)
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 1)
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 1)
Employees												
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 1)
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 1)
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 1)
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 2)
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 2)
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 2)
Employees	28 October 2022	27,000,000	-	-	-	27,000,000	-	Vested immediately on the date of grant	28 October 2022-27 October 2024	22	1.55	(Note 3)
Total		68,070,524	-	-	(5,492,631)	-	62,577,893					

Notes:

1. All outstanding or unexercised share options granted to the grantees shall lapse after 15 July 2024.
2. All outstanding or unexercised share options granted to the grantees shall lapse after 19 August 2025.
3. All outstanding or unexercised share options granted to the grantees shall lapse after 27 October 2024.

OTHER INFORMATION

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 2023, 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) <i>(Note 3)</i>	Percentage of shareholding/interests <i>(Note 1)</i>
Mr. Lai	Interest of controlled corporation and beneficial owner	96,718,000 <i>(Note 2)</i>	–	13.65%
Mr. Liang	Beneficial owner	–	5,492,631	0.78%

Long positions in the ordinary shares of an associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature of interests	Number of Shares held/interested in	Percentage of shareholding
Mr. Lai	Shine Well	Beneficial owner <i>(Note 4)</i>	13,000,000	100%

Notes:

- The percentage of shareholding is calculated based on 708,466,773 Shares in issue as at 30 September 2023.
- Out of the 96,718,000 Shares, 11,160,000 Shares are wholly and beneficially owned by Mr. Lai, and the remaining 85,558,000 Shares are wholly and beneficially owned by Shine Well. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai.
- Details of share options held by Directors are set out in the paragraph headed "Share Option Scheme" in this section.
- Shine Well is wholly and beneficially owned by Mr. Lai.

Save as disclosed herein, as at 30 September 2023, none of the Directors and chief executive of the Company, or any of their spouses, or children under 18 years of age, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

As at 30 September 2023, 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 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	Percentage of shareholding (Note 1)
Shine Well (Note 2)	Beneficial owner	85,558,000	12.08%
Ms. Ho Fung Lin ("Ms. Ho") (Note 2)	Interests of spouse	96,718,000	13.65%

Other persons' long positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/interested in	Percentage of shareholding (Note 1)
Mr. Xiong Shaoming (熊少明) ("Mr. Xiong")	Beneficial owner and interests of controlled corporation	62,712,000 (Note 3)	8.85%
Ms. Han Xiao (韓笑) ("Ms. Han") (Note 4)	Interests of spouse	62,712,000	8.85%
Value Convergence Holdings Limited (Note 5)	Beneficial owner and interests of controlled corporation	53,982,000 (Note 6)	7.62%

Notes:

- The percentage of shareholding is calculated based on 708,466,773 Shares in issue as at 30 September 2023.
- 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.
- Out of the 62,712,000 Shares, 52,712,000 Shares are wholly and beneficially owned by Mr. Xiong, and the remaining 10,000,000 Shares are wholly and beneficially owned by Andy Xiong Holding Limited, a company incorporated in the BVI with limited liability. As the issued share capital of Andy Xiong Holding Limited is wholly and beneficially owned by Mr. Xiong, Mr. Xiong is deemed to be interested in the Shares held by Andy Xiong Holding Limited for the purpose of the SFO.
- Ms. Han is the spouse of Mr. Xiong and is therefore deemed to be interested in the Shares in which Mr. Xiong is interested for the purpose of the SFO.
- Value Convergence Holdings Limited is a company incorporated in Hong Kong with limited liability and listed on the Main Board (Stock code: 0821).
- Out of the 53,982,000 Shares, 53,560,000 Shares are wholly and beneficially owned by Value Convergence Holdings Limited, and the remaining 422,000 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 company incorporated in the BVI with limited liability), 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.

OTHER INFORMATION

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

Other persons' long positions in the Shares (Continued)

Save as disclosed above, as at 30 September 2023, 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.

CHANGE IN INFORMATION OF THE DIRECTORS AND CHIEF EXECUTIVES

The changes in information of the Directors and the chief executives of the Company since the date of the report of the Company for the year ended 31 March 2023 and up to the date of this Interim Report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below.

Mr. Lai Tse Ming

Mr. Lai have resigned as an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules (the "**Authorised Representative**") with effect from 6 September 2023.

Mr. Li Yang

- Mr. Li has been appointed as an Authorised Representative with effect from 6 September 2023; and
- Mr. Li has been appointed as a member of the remuneration committee of the Company (the "**Remuneration Committee**") with effect from 17 November 2023.

Mr. Zhang Yaoliang

Mr. Zhang has been appointed as an Authorised Representative with effect from 6 September 2023.

Mr. Jin Zi

Mr. Jin has been appointed as the chairman of the Remuneration Committee and a member of each of the audit committee ("**Audit Committee**") and the nomination committee of the Company with effect from 11 July 2023.

Mr. Gao Weilong

Mr. Gao, a co-chief executive officer of the Company, has resigned as an executive Director with effect from 17 November 2023.

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)).

OTHER INFORMATION

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 includes three independent non-executive Directors, namely Mr. Hung Muk Ming (Chairman), Dr. He Tianxiang and Mr. Jin Zi. The Company's unaudited interim results for the Period and this Interim Report 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 2023

As at the date of this Interim Report, the executive Directors are Mr. Lai Tse Ming, Mr. Liang Jun, Mr. Li Yang and Mr. Zhang Yaoliang; and the independent non-executive Directors are Dr. He Tianxiang, Mr. Hung Muk Ming and Mr. Jin Zi.

DEFINITIONS

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

“Board”	The board of Directors
“BVI”	the British Virgin Islands
“Company”, “IBO” or “IBO Technology”	IBO Technology Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board (Stock Code: 2708)
“Company’s Code”	a code of conduct regarding Directors’ transactions in securities of the Company
“Director(s)”	the director(s) of the Company
“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
“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 Intelligent”	IBO Intelligent (Shenzhen) Limited* (艾伯智能(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
“Interim Report”	this interim report of the Company for the Period
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mr. Lai”	Mr. Lai Tse Ming, chairman of the Board, an executive Director
“Period”	six months ended 30 September 2023
“PRC”	the People’s Republic of China which, for the purposes of this Interim Report, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region

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
“Shine Well”	Shine Well Holdings Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Lai
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weitu 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, which is a non wholly-owned subsidiary of the Company
“%”	per cent

* For identification purpose only