

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

RESULTS HIGHLIGHTS

- Revenue for the six months ended 30 September 2020 was approximately RMB190.67 million, representing a decrease of 22.3% as compared with approximately RMB245.41 million for the six months ended 30 September 2019.
- Gross profit for the six months ended 30 September 2020 was approximately RMB44.56 million, representing a decrease of 32.2% as compared with approximately RMB65.71 million for the six months ended 30 September 2019. Gross profit margin for the six months ended 30 September 2020 was 23.4%, representing a decrease of 3.4 percentage points as compared with 26.8% for the six months ended 30 September 2019.
- Loss attributable to owners of the Company for the six months ended 30 September 2020 was approximately RMB15.45 million, as compared with profit attributable to owners of the Company of approximately RMB0.73 million for the six months ended 30 September 2019.
- Basic loss per share for the six months ended 30 September 2020 was approximately RMB3.73 cents, as compared with basic earnings per share of approximately RMB0.18 cents for the six months ended 30 September 2019.

UNAUDITED INTERIM RESULTS

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2020 (the “**Period**”), together with the comparative figures for the six months ended 30 September 2019 as below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		Six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	NOTES	RMB'000	RMB'000
Revenue	3	190,672	245,413
Cost of sales and services rendered		(146,116)	(179,700)
Gross profit		44,556	65,713
Other income		2,618	1,721
Other expenses		(4)	(15)
Other gains and losses	5	(7,658)	(11,768)
Share of loss of an associate		(215)	—
Impairment losses under expected credit loss model, net of reversal		(5,863)	(1,211)
Distribution and selling expenses		(3,980)	(2,069)
Administrative expenses		(19,237)	(25,763)
Finance costs		(8,893)	(6,829)
Research and development expenses		(7,604)	(7,599)
(Loss) profit before taxation		(6,280)	12,180
Income tax expense	6	(5,101)	(8,606)
(Loss) profit and total comprehensive (expense) income for the period	7	(11,381)	3,574
(Loss) profit and total comprehensive (expense) income for the period attributable to			
— Owners of the Company		(15,445)	730
— Non-controlling interests		4,064	2,844
		(11,381)	3,574
(Loss) earnings per share			
— Basic (RMB cents)	9	(3.73)	0.18
— Diluted (RMB cents)	9	(4.43)	0.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2020

		30 September 2020 (Unaudited) RMB'000	31 March 2020 (Audited) RMB'000
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment		6,722	8,684
Right-of-use assets		6,742	8,696
Investment properties		20,100	20,100
Goodwill		23,632	23,632
Intangible asset		52,531	60,078
Interest in an associate		7,565	7,780
Rental deposits		650	1,101
Deferred tax assets		4,522	2,034
		<u>122,464</u>	<u>132,105</u>
Current assets			
Inventories		2,230	675
Trade and other receivables	10	520,889	410,628
Contract assets		18,995	11,740
Amount due from a related company		254	243
Amounts due from non-controlling interests		775	1,704
Financial assets at fair value through profit or loss		1,765	1,392
Pledged bank deposits		4,170	2,191
Bank balances and cash		33,110	69,178
		<u>582,188</u>	<u>497,751</u>
Current liabilities			
Trade and other payables	11	122,023	100,362
Lease liabilities		6,843	5,222
Amounts due to non-controlling interests		9,717	9,869
Tax payables		32,714	26,531
Bank borrowings		46,660	19,844
Other borrowings		4,680	—
Consideration payable		37,448	16,399
Bonds payables		28,747	35,538
		<u>288,832</u>	<u>213,765</u>
Net current assets		<u>293,356</u>	<u>283,986</u>
Total assets less current liabilities		<u>415,820</u>	<u>416,091</u>

	30 September 2020 (Unaudited) RMB'000	31 March 2020 (Audited) RMB'000
Non-current liabilities		
Deferred tax liabilities	21,777	22,731
Bank borrowings	2,610	1,210
Bonds payables	54,253	31,101
Convertible bonds	46,786	58,245
Lease liabilities	1,382	3,685
Consideration payable	—	16,399
	<u>126,808</u>	<u>133,371</u>
Net Assets	<u><u>289,012</u></u>	<u><u>282,720</u></u>
Capital and reserves		
Share capital	3,542	3,467
Reserves	248,389	246,236
	<u>251,931</u>	<u>249,703</u>
Equity attributable to owners of the Company	37,081	33,017
Non-controlling interests	<u>37,081</u>	<u>33,017</u>
Total Equity	<u><u>289,012</u></u>	<u><u>282,720</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

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 2020 for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

3. REVENUE

Disaggregation of revenue

Types of goods or services

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB’000	RMB’000
Intelligent terminal products sales	169,166	199,915
Provision of coordination, management and installation services	1,726	7,152
Software development	15,434	32,864
System maintenance services	4,346	5,482
	190,672	245,413

Timing of revenue recognition

	Six months ended 30 September 2020 (Unaudited)				
	Intelligent terminal products sales <i>RMB'000</i>	Provision of coordination, management and installation services <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
A point in time	169,166	—	—	—	169,166
Over time	—	1,726	15,434	4,346	21,506
	<u>169,166</u>	<u>1,726</u>	<u>15,434</u>	<u>4,346</u>	<u>190,672</u>
	Six months ended 30 September 2019 (Unaudited)				
	Intelligent terminal products sales <i>RMB'000</i>	Provision of coordination, management and installation services <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
A point in time	199,915	—	—	—	199,915
Over time	—	7,152	32,864	5,482	45,498
	<u>199,915</u>	<u>7,152</u>	<u>32,864</u>	<u>5,482</u>	<u>245,413</u>

4. SEGMENT INFORMATION

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

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

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

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

For the six months ended 30 September 2020

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

For the six months ended 30 September 2019

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

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

Segment assets and liabilities

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

Geographical markets

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

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Net exchange gain (loss)	5,941	(2,503)
Gain (loss) on change in fair value of financial assets at fair value through profit or loss	441	(522)
Recognition of deferred loss from initial recognition of convertible bonds	(5,361)	—
Loss on change in fair value of the derivative component of the convertible bonds	(3,720)	(8,268)
Loss on change in fair value of consideration payables	(4,650)	(475)
Loss on disposal of property, plant and equipment	(249)	—
Others	(60)	—
	<u>(7,658)</u>	<u>(11,768)</u>

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Current tax:		
PRC Enterprise Income Tax	7,263	8,078
Deferred tax	(2,162)	528
	<u>5,101</u>	<u>8,606</u>

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

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

	Six months ended 30 September	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Depreciation of property, plant and equipment	1,448	1,287
Depreciation of right-of-use assets	2,811	1,070
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	9,834	6,879
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	145,976	161,076
Gross rental income from investment properties	252	292
Impairment loss recognised in respect of trade receivables	5,836	1,247
Impairment loss recognised (reversed) in respect of contract assets	22	(20)
Impairment loss recognised (reversed) recognised in respect of other receivables	22	(16)
Impairment reversed in respect of rental deposits	(17)	—

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period (2019: nil), nor had any dividend been proposed since the end of the reporting period.

9. (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	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share	(15,445)	730

	Six months ended 30 September	
	2020 '000	2019 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	414,405	409,300
Effect of dilutive potential ordinary shares:		
Share options	—	1,973
Effect of dilutive potential ordinary shares:		
Convertible bonds	28,523	—
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	442,928	411,273

10. TRADE RECEIVABLES

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

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 2020 (Unaudited) RMB'000	31 March 2020 (Audited) RMB'000
0–30 days	83,776	99,406
31–90 days	53,202	117,700
91–180 days	51,818	36,768
181–365 days	216,017	58,370
Over 365 days	56,525	16,824
	<u>461,338</u>	<u>329,068</u>

11. TRADE PAYABLES

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 2020 (Unaudited) RMB'000	31 March 2020 (Audited) RMB'000
0–30 days	7,993	2,566
31–90 days	10	51
Over 90 days	32,949	28,610
	<u>40,952</u>	<u>31,227</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Revenue breakdown by business segments:

	For the six months ended 30 September			
	2020 (Unaudited)		2019 (Unaudited)	
	RMB'000	%	RMB'000	%
Intelligent terminal products sales	168,507	88.3	199,201	81.2
System integration	2,385	1.3	7,866	3.2
Software development	15,434	8.1	32,864	13.4
System maintenance services	4,346	2.3	5,482	2.2
Total	<u>190,672</u>	<u>100.0</u>	<u>245,413</u>	<u>100.0</u>

Intelligent terminal products sales

During the Period, the Group is committed to developing, producing and selling customized IoT intelligent terminal products to customers. In view of the impact of the COVID-19 pandemic on the China's economy, the sales business of the Group's intelligent terminal products contracted during the Period, with revenue of approximately RMB168.51 million (corresponding period of 2019: approximately RMB199.20 million), representing a year-on-year decrease of approximately 15.4%, which accounts for 88.3% of the Group's total revenue.

During the Period, the Group's major customers included a Beijing-based technology company mainly engaged in IoT business, a Shenzhen-based business consulting company and a Guangzhou-based international freight forwarding company (to which the Group sold electronic products, including compound tags, compound intelligent tags, passive-tagged addressing software, epoxy passive tags and electronic tags). Furthermore, it also included the equipment procurement contract for IBO New 5G Indoor Coverage system entered into between the Group and China Mobile System Integration Co., Ltd.* (中移系統集成有限公司). Further details are set out in the section headed "MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE PERIOD — Entering Into Equipment Procurement Contract for IBO New 5G Indoor Coverage System with China Mobile System Integration Co., Ltd.* (中移系統集成有限公司)" below in this announcement and the Company's announcement dated 23 September 2020.

* For identification purpose only

System integration

Based on analysis and assessment of customers' needs, the Group provides comprehensive and customized system solutions to its customers by applying IoT and related technologies, including overall system planning, development and design, procurement of system equipment, integration of software and hardware devices of the system, system implementation, trial operation and system management and maintenance, etc. In view of the impact of the COVID-19 pandemic on the China's economy, the Group's system integration business contracted during the Period, with revenue of approximately RMB2.39 million (corresponding period of 2019: approximately RMB7.87 million), representing a year-on-year decrease of approximately 69.6%, which accounted for 1.3% of the Group's total revenue.

During the Period, the Group's other major customers included (i) a Guangdong-based oil company, for which the Group accepted its commission to carry out special services on ancillary services project of petrochemical wallet station-level system with specific elements including hardware update, new control system installation, implementation of petrochemical electronic wallet and oil machine authorization code and liquidometer-connected control system; and (ii) a Beijing-based intelligent technology company, for which the Group arranged the staff to participate in the technical services of the data integrated management service platform project implemented by it, including system integration and server debugging.

Software development

In line with the business and management requirements of its customers, the Group plans and designs the software system framework and function list for them in order to provide customised software application development services. In view of the impact of the COVID-19 pandemic on the China's economy, the software development business of the Group contracted during the Period, with revenue of approximately RMB15.43 million (corresponding period of 2019: approximately RMB32.86 million), representing a year-on-year decrease of approximately 53.0%, which accounts for 8.1% of the Group's total revenue.

During the Period, the Group's major customers was mainly the customers of Weitu Group, in which the Group indirectly held 51.7321% ownership during the Period. The customers included (i) a Shenzhen-based intelligent technology company, for which the Group accepted its commission to carry out the demand research and analysis, system design, function customization development, data sorting and entry, implementation of deployment and training as well as technical support within the scope of the "Building Visualisation Integration Platform Project"; (ii) a Shenzhen-based business service company, for which the Group accepted its commission to carry out the functional development and support services of the "electronic trading platform", covering demand research and organization, software function development practice, testing, server installation and deployment and technical training within the scope of the system; (iii) a Ningbo-based intelligent industry company, for which the Group accepted its commission to develop the "Plant Integrated Management Platform Project" with main elements including 2D and 3D visualization display, system integration and comprehensive management platform; and (iv) a Ningbo-based intelligent technology company, for which the Group accepted its commission to research and develop "IoT Smart Park Management Platform and Visualization Integration Project", allowing the data being gathered to, analysed and processed by a data service platform though applying IoT technology, and therefore providing more advanced dynamic data application services, which will fundamentally change the traditional intelligent system.

System maintenance services

The Group provides system maintenance services for both the software and hardware of information systems encompassing maintenance and management for system devices, database maintenance, daily monitoring on the systems and system upgrades. During the Period, the revenue of the Group's system maintenance services business was approximately RMB4.35 million (corresponding period of 2019: approximately RMB5.48 million), representing a decrease of approximately 20.6% as compared to last year, accounting for 2.3% of the Group's total revenue.

During the Period, the major systems maintenance services of the Group included providing information systems maintenance services to a PRC state-owned petroleum company, which involved petrol filling IC card system and convenience store management system of more than 2,000 gas stations, such as the maintenance of point of sale (“POS”) terminals, consumption POS machines, operating systems, database systems and related software, data maintenance and technical training.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 22.3% to approximately RMB190.67 million during the Period as compared with corresponding period of last year (corresponding period of 2019: approximately RMB245.41 million), mainly because the intelligent terminal products sales business, system integration business, software development business and system maintenance services business contracted due to the impact of the COVID-19 pandemic on the China's economy, representing a year-on-year decrease of approximately 15.4%, 69.6%, 53.0% and 20.6%, respectively.

Gross profit and gross profit margin

The Group's gross profit decreased by 32.2% to approximately RMB44.56 million for the Period (corresponding period of 2019: approximately RMB65.71 million), which was mainly because the intelligent terminal products sales business, system integration business, software development business and system maintenance services business contracted due to the impact of the COVID-19 pandemic on the China's economy, leading the decrease in overall income. The gross profit margin decreased by 3.4 percentage points to 23.4% as compared with last year (corresponding period of 2019: 26.8%), which was mainly due to the increase in amortisation expenses associated with intangible assets arising from acquisition of Weitu Group.

Other income

The Group's other income for the Period mainly included (i) interest income from bank deposits; (ii) rental income; and (iii) government grants. Other income increased by 52.3% to approximately RMB2.62 million for the Period (corresponding period of 2019: approximately RMB1.72 million) and such change was mainly due to the increase in government grants for the Period.

Other gains and losses

The Group's other net losses decreased by 34.9% to approximately RMB7.66 million for the Period (corresponding period of 2019: approximately RMB11.77 million) and such change was mainly due to the net exchange gains recorded during the Period as compared with the net exchange losses recorded for the corresponding period of 2019.

Share of loss of an associate

The Group's share of loss of an associate was approximately RMB0.22 million for the Period (corresponding period of 2019: Nil), which was related to the loss attributable to acquisition of 15% of the issued share capital of Good Cheer Ventures Limited by the Group. Further details are set out in the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

Impairment losses under ECL model, net of reversal

During the Period, the Group's impairment losses under ECL model, net of reversal included changes in expected credit losses during the Period for trade receivables, other receivables, contract assets and other financial assets. During the Period, the impairment losses under ECL model, net of reversal increased by 384.3% to approximately RMB5.86 million (corresponding period of 2019: approximately RMB1.21 million), which was mainly due to the increase in trade receivables during the Period.

Distribution and selling expenses

The Group's distribution and selling expenses increased by 92.3% to approximately RMB3.98 million for the Period (corresponding period of 2019: approximately RMB2.07 million), which was mainly due to the fact that more sales personnel are required to explore the market since IBO Communication and IBO Information Technology have just commenced their businesses.

Administrative expenses

The Group's administrative expenses decreased by 25.3% to approximately RMB19.24 million for the Period (corresponding period of 2019: approximately RMB25.76 million), which was mainly due to (i) the resignation of Ms. Cheng Yan (程雁) as an executive Director and vice chairperson of the Company on 25 May 2020 as well as her 20,000,000 share options also being cancelled by the Board on the same day, and the offset against its related share option expenses by the Company during the Period. Further details are set out in the announcements of the Company dated 7 August 2019, 15 October 2019 and 25 May 2020 and the Company's circular dated 17 September 2019; and (ii) the decrease in the number of employees of the Group resulted in a decrease in employee expenditures.

Finance costs

The Group's finance costs increased by 30.2% to approximately RMB8.89 million for the Period (corresponding period of 2019: approximately RMB6.83 million), which was mainly due to the increase in interest expenses for the Period resulting from the increase in total outstanding principle amount of bonds, bank borrowings and other borrowings as compared to last year by the Group during the Period (please refer to the section headed "Capital structure, liquidity and financial resources" in this announcement below for details).

Research and development expenses

The Group's research and development expenses was generally stable at approximately RMB7.60 million for the Period (corresponding period of 2019: approximately RMB7.60 million), which was mainly due to the allocation of more related research and development expenses to the item to which it belongs and the inclusion of such expenses in cost of sales and services rendered by IBO Information despite more research and development resources are required since IBO Communication, IBO Information Technology and IBO Digital have just commenced their businesses.

Income tax expense

The Group's income tax expense decreased by 40.8% to approximately RMB5.10 million for the Period (corresponding period of 2019: approximately RMB8.61 million), which was mainly due to the decrease in the profit before tax of IBO Information and Weitu Group, resulting in a corresponding decline in related income tax expenses. The Group's loss before tax for the Period was approximately RMB6.28 (corresponding period in 2019: profit before tax of approximately RMB12.18 million, with the effective tax rate of approximately 70.7%). Since the Company and its subsidiaries paid their taxes according to their own financial conditions, the Group still recorded income tax expenses despite it recorded a loss before tax during the Period.

Loss attributable to owners for the Period

As a result of the foregoing, the Group's loss attributable to owners of the Company amounted to approximately RMB15.45 million for the Period (corresponding period of 2019: profit attributable to owners of the Company of approximately RMB0.73 million), which was mainly because the intelligent terminal products sales business, system integration business, software development business and system maintenance services business contracted due to the impact of the COVID-19 pandemic on the China's economy, leading the decrease in overall income and gross profit.

Capital structure, liquidity and financial resources

The Group has adopted a strict financial management policy, and its financial position remained sound. As at 30 September 2020, the Group's net current assets were approximately RMB293.36 million (31 March 2020: approximately RMB283.99 million).

As at 30 September 2020, the Group's bank balances and cash were approximately RMB33.11 million (31 March 2020: approximately RMB69.18 million) and pledged bank deposits were approximately RMB4.17 million (31 March 2020: approximately RMB2.19 million). The current ratio (a ratio of current assets to current liabilities) was approximately 2.0 times (31 March 2020: approximately 2.3 times).

As at 30 September 2020, the Group's total bank borrowings and other borrowings were approximately RMB53.95 million (31 March 2020: approximately RMB21.05 million).

The Company issued bonds in the aggregate principal amount of HK\$21,550,000 for the Period (corresponding period of 2019: HK\$3,600,000). On 30 September 2020, the outstanding aggregate principal amount of bonds of the Company was HK\$99,750,000 (31 March 2020: HK\$78,200,000). The bonds are transferable subject to the consent from the Company. The bonds will become due on the 1 to 3 anniversary of the issue date of the bonds. The bonds bear interest at a rate of 1% to 7% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

As at 30 September 2020, the outstanding aggregate principal amount of convertible bonds of the Company was HK\$36,623,000 (31 March 2020: HK\$50,063,000). For details, please refer to the section headed "USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS" below in this announcement.

As at 30 September 2020, 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\$4.2143 million divided into 421,427,509 Shares of HK\$0.01 each.

Gearing ratio

As at 30 September 2020, the Group's gearing ratio (calculated by dividing total borrowings (including bank borrowings, other borrowings, bonds payables and convertible bonds) by total equity) was approximately 63.6% (31 March 2020: approximately 51.6%).

Capital expenditure

The Group's capital expenditure for the Period decreased by 53.6% to approximately RMB2.38 million (corresponding period of 2019: approximately RMB5.13 million), which was used for office equipment and development cost.

Capital commitment

As at 30 September 2020, the Group had no significant capital commitment (31 March 2020: Nil).

Currency risk

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

Contingent liabilities

As at 30 September 2020, the Group had no significant contingent liabilities (31 March 2020: Nil).

Pledge of the Group's assets

As at 30 September 2020 and 31 March 2020, the Group's bank deposits and all of its investment properties have been pledged to secure banking facilities granted to the Group.

Material acquisition and disposal of subsidiaries and affiliated companies

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

Significant investment held

The Group did not have any significant investment during the Period (including any investment in an investee company, which accounted for 5% or more of the Group's total assets as at 30 September 2020).

Future plans for significant investments and capital assets

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

Employee and remuneration policy

As at 30 September 2020, the Group employed a total of 243 employees (30 September 2019: 289 employees). For the Period, staff costs (including Directors' emolument) was approximately RMB24.96 million (corresponding period of 2019: approximately RMB28.86 million). By strictly following the Labour Law* (《勞動法》), the Labour Contract Law* (《勞動合同法》) and Labour Dispute Mediation and Arbitration Law* (《勞動爭議調解仲裁法》) of the PRC, the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religious and disability. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior

* For identification purpose only

management members. The Group regularly reviews remuneration policies and welfares of its employees. The Group also ensures that employees could have sufficient training and on-going professional and development opportunity based on their individual needs. The share option scheme was adopted by the Company on 6 December 2017 to attract, retain and motivate talented employees to strive for future developments and expansion of the Group (the “**Share Option Scheme**”). On 29 June 2018, 40,000,000 share options have been granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme. On 17 February 2019, the Company proposed to grant a total of 20,000,000 share options to the Company’s executive Director, the chairman of the Board and the controlling Shareholder, Mr. Lai Tse Ming pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019.

MAJOR AWARDS AND CERTIFICATES

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Certificate of Exterior Design Patent	IBO Digital is granted a patent regarding the wearable intelligent devices (for animals)	24 April 2020	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information Technology is granted a patent regarding intelligent water pressure gauge with low-power consumption	24 April 2020	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Originally acquisition of all rights for AIF Safety Monitoring Cloud Software V2.0 by IBO Information Technology	21 May 2020	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Fire Safety Online Monitoring and Warning Management System V2.0 by IBO Information Technology	21 May 2020	National Copyright Administration of the PRC

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Environmental Management Systems Certificate	<p>It is thereby proved that the Environmental Management System of IBO Information complies with the requirements under (GB/T24001-2016/ISO14001:2015)</p> <p>The coverage of the Environmental Management System includes the development of computer software, communication equipment and monitoring software, computer information system integration services, network and computer system operation and maintenance services; design, construction (installation), maintenance and related management activities of safety technology protection engineering (system) within the scope permitted by the China Security & Protection Industry Association</p>	5 June 2020 to 4 June 2023	Guangdong Quality Testing CTC Certification Co., Ltd.

Accreditation & Certificates	Details	Time of awarding/ Valid duration for Awarding	Accredited/ Certified by
Occupational Health and Safety Management Systems Certificate	<p>It is thereby proved that the Occupational Health and Safety Management System of IBO Information complies with the requirements under (GB/T45001-2020/ISO45001:2018)</p> <p>The coverage of the Occupational Health and Safety Management System includes the development of computer software, communication equipment and monitoring software, computer information system integration services, network and computer system operation and maintenance services; design, construction (installation), maintenance and related management activities of safety technology protection engineering (system) within the scope permitted by the China Security & Protection Industry Association</p>	5 June 2020 to 4 June 2023	Guangdong Quality Testing CTC Certification Co., Ltd.
Certificate of Utility Model Patent	IBO Digital is granted a patent regarding the animal wearable intelligent equipment and animal activity monitoring system	23 June 2020	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information is granted a patent regarding the body measurement method of cows based on the machine vision	26 June 2020	National Intellectual Property Administration
Evaluation certificate	Weitu Technology is recognized as an excellent solution provider for Smart Zone after evaluation	September 2020	Application Innovation Alliance of Smart Zone
Unit certificate	Weitu Technology is recognized as the joint chairman unit of the Application Innovation Alliance of Smart Zone	September 2020	Application Innovation Alliance of Smart Zone

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE PERIOD

Agent Cooperation Agreement for 5G Pico Base Stations Series Products

On 15 June 2020, based on the principle of mutual complementarity and integrity and win-win cooperation, upon mutual negotiation and consent, the Company and Wafer Systems Limited (“**Wafer Systems**”) have reached an agent cooperation agreement for 5G pico base stations series products in respect of the related issues of Wafer Systems’s promotion and sales of 5G pico base station related products provided by IBO Communication. The agreement shall be abided by both parties.

The 5G pico base station related products provided by IBO Communication include host control units (BBU) of pico base stations, extension units (EU) of pico base stations, remote radio units (RRU) of pico base stations, network management, installation services and core network.

Wafer Systems is responsible for all business activities including pre-sales, in-sales, and after-sales connection, communication, coordination, etc., and promotes the conclusion of transactions and collections as agreed. The Company cooperates with Wafer Systems to provide necessary pre-sales technical communication, exchanges and guidance, to enter into product sales contracts with end customers, and to deliver the products and render aftersales services for the products. Both parties are customer-centric, and if necessary, serve the end customers in the form of a unified team. Further details are set out in the announcement of the Company dated 15 June 2020.

Entering into Strategic Cooperation Agreement with Eternal Asia Supply Chain Management Ltd.

On 24 June 2020, in view of the long-term development strategy of IBO Information and Eternal Asia Supply Chain Management Ltd. (“**Eternal Asia Supply Chain**”), and in the spirit of cooperation of “reciprocity, mutual benefit, stability, long-lasting, high efficiency and high quality”, the parties decided to join forces to establish an in-depth strategic partnership in respect of the provision of the supply chain platform services for 5G small (pico) base station related products and indoor coverage system by Eternal Asia Supply Chain to IBO Information. The parties entered into a strategic cooperation agreement after friendly consultation.

During the term of the agreement, IBO Information engaged Eternal Asia Supply Chain to provide the supply chain services for “5G small (pico) base station related products and indoor coverage system”, including customs declaration, customs clearance, local logistics distribution, outward remittances and other services, as well as logistics and distribution and external settlement of upstream core components in the PRC.

The parties jointly determine the qualified suppliers of upstream core components for 5G small (pico) base station related products and indoor coverage system.

In view of the strong market demand for 5G small (pico) base station related products and indoor coverage system, it is expected that the scale of the supply chain services provided by Eternal Asia Supply Chain to IBO Information will exceed RMB1 billion per year.

The cooperation term is 3 years from 1 July 2020 to 30 June 2023; before the expiration of the cooperation term, the parties shall discuss the matter of renewal of the agreement.

Further details are set out in the announcement of the Company dated 24 June 2020.

Entering Into Strategic Cooperation Agreement for 5G Infrastructure Construction With Union of Auspiciousness Capital (Chengdu) Co., Ltd

On 30 June 2020, with the principle of cooperation and mutual benefit of IBO Information and Union of Auspiciousness Capital (Chengdu) Co., LTD* (中聯瑞弘(成都)資產管理有限公司) (“**Union of Auspiciousness**”), and in order to optimize and share resources leveraging on their professional team and abundant resources in respective areas, the parties intend to establish a friendly and stable strategic partnership for jointly promoting the 5G infrastructure construction project and realizing the deep integration of 5G technology with infrastructure. The parties entered into a strategic cooperation agreement for 5G infrastructure construction after friendly consultation.

The parties establish a joint venture company which will engage in the construction of 5G infrastructure. The joint venture’s company principal businesses include, but not limited to, 5G base station construction, 5G smart light pole construction, 5G smart zone construction, 5G smart healthcare construction.

Based on IBO Information’s 5G technical capabilities which are well recognized by Union of Auspiciousness, IBO Information provides 5G technical services for the 5G industry integration of Union of Auspiciousness.

During the period of cooperation between the parties, IBO Information provides to Union of Auspiciousness a series of its proprietary 5G small base station products (including but not limited to main frames of 5G small base station, transmission units of 5G small base station, 5G communication protocol stack software, network management software of 5G small base station), Artificial Intelligence & Internet of Things (AIOT) terminal products and integrated solutions for the 5G industry chain, enabling Union of Auspiciousness to lay out for the 5G infrastructure construction.

The parties establish a joint venture company preparatory group, the members of which are delegated by the parties. The parties will actively promote the negotiation and signing of the formal project cooperation contract, and will carry out specific work on other cooperation matters stipulated in the agreement.

Further details are set out in the announcement of the Company dated 30 June 2020.

* For identification purpose only

Entering Into The Framework Cooperation Agreement in Relation to the 5G Infrastructure Construction with Bureau of Industry and Information Technology of Kunming

On 17 July 2020, in order to jointly promote the development of 5G industry in Yunnan Province, accelerate the 5G infrastructure construction in Yunnan Province, and actively serve and integrate itself into the national development strategy of “new infrastructure”, Bureau of Industry and Information Technology of Kunming is committed to promoting the 5G infrastructure construction, and cultivating and incubating the 5G industry cluster, so as to help Kunming to form a “1452” 5G industry landscape, and enters into a framework cooperation agreement in relation to the 5G infrastructure construction with IBO Communication after friendly negotiation in accordance with the principle of “mutual complementarity, mutual benefit, effectiveness and joint development”.

Relying on the advantages of Bureau of Industry and Information Technology of Kunming in industries, resources, environment, policies and locations as well as the demand for 5G infrastructure construction, and giving full play to the advantages of IBO Communication in products, technologies, operations and industry chain, both parties will carry out all-round cooperation in the fields such as 5G small base stations and DAS system products production, 5G+ smart government affairs, 5G+ smart parks, 5G+ smart medical care, 5G + smart education and 5G industry application demonstration projects, in order to jointly build the base of “New 5G Infrastructure Industry” in Kunming and develop a 5G industry ecosystem. Further details are set out in the announcement of the Company dated 17 July 2020.

Entering Into Equipment Procurement Contract for IBO New 5G Indoor Coverage System with China Mobile System Integration Co., Ltd.* (中移系統集成有限公司)

On 23 September 2020, China Mobile System Integration Co., Ltd.* (中移系統集成有限公司) (“**China Mobile Integration**”) and IBO Communication entered into the equipment procurement contract for IBO New 5G Indoor Coverage system based on the principles of equality, mutual benefit and consensus after negotiation. Pursuant to the procurement contract, China Mobile Integration would purchase products including near-end terminals for 5G DAS system and far-end terminals for 5G DAS system from IBO Communication at a total consideration of RMB32,544,000. Further details are set out in the announcement of the Company dated 23 September 2020.

BUSINESS OUTLOOK AND STRATEGIES

Commencing and accelerating 5G-related business; 5G business shows promising market and development opportunity

Since 5G has been officially launched for commercial use in the second half of 2019, development of 5G network in the PRC has been accelerating. As of the end of September 2020, 690,000 5G base stations have been set up, which accomplished the target towards 5G base stations construction for the year 2020 in advance. Basically, there is 5G network coverage in municipalities. Meanwhile, the number of 5G users and 5G terminal connections in the PRC grows rapidly with more diversified usage of 5G in various industries.

* For identification purpose only

Given speedy and widening usage of 5G, it poses higher requirements and greater challenges on the communication quality and coverage of 5G network. Currently, the setup of base stations by the operators primarily deals with the coverage of outdoor 5G signal in municipalities. Outdoor base stations cannot efficiently transmit 5G signal to indoor area due to the technological features of 5G signal, which impairs 5G users' indoor experience. Therefore, telecommunication operators will further optimize the coverage of indoor 5G signal and further enhancement and optimization of 5G network is necessary for key application scenarios (such as mines, container terminal, etc.). The new 5G indoor coverage system or 5G pico base station developed by IBO Communication can provide 5G indoor coverage and network enhancement solution with high efficiency, high speed and high cost-performance ratio for telecommunication operators to satisfy their needs for further development in 5G network. PRC government regards 5G as one of the major areas of new infrastructure and sets targets for 5G development for the coming years. 5G network development target progressively transits from outdoor to indoor coverage, together with increasing application of 5G technology in key scenarios (such as remote-controlled ore car, remote-controlled container quay crane, etc.). It is believed that the demand for the Group's new 5G indoor coverage system or 5G pico base station will experience a rapid growth. The Group's 5G-related products have ample room for business expansion and considerable untapped development potential.

The Group performs well in product research and development, sales and delivery and has gradually established national-wide sales team, sales network and sales service system. Currently, the Group has built friendly relationship with agents and business partners in numerous provinces and municipalities to jointly develop the market and further the promotion and application of the Group's products. Moreover, the Group has been seeking and attracting experienced technical and sales elites in telecommunication industry to join the Group in order to expand our talent pool and solidify the business foundation. The Group's 5G business is developing at a fast pace with outstanding result in product development and market sales.

Strengthening cooperation with external parties and promoting more infrastructure projects

In order to cooperate with the external parties, the Group is committed to developing partnerships by actively signing cooperation agreements with different companies, so as to integrate their respective advantages for jointly promoting more 5G infrastructure construction projects and improving the quality of products and services with an aim to achieve a win-win situation. During the Period, the Group entered into a series of strategic cooperation agreements:

- on 15 June 2020, the Company and Wafer Systems have reached an agent cooperation agreement for promotion and sales of 5G pico base stations series products.
- on 24 June 2020, IBO Information and Eternal Asia Supply Chain entered into a strategic cooperation agreement for the supply chain platform services for 5G small (pico) base station related products and indoor coverage system.

- on 30 June 2020, IBO Information and Union of Auspiciousness entered into a strategic cooperation agreement for jointly promoting the 5G infrastructure construction project and realizing the deep integration of 5G technology with infrastructure.
- on 17 July 2020, IBO Information and Bureau of Industry and Information Technology of Kunming entered into a framework cooperation agreement in relation to the 5G infrastructure construction.
- on 24 August 2020, IBO New 5G Indoor Coverage system project passed the test of China Mobile Group Shandong Company Limited Binzhou branch. IBO 5G pico base stations have also obtained the approval of network access model from the Ministry of Industry and Information Technology.
- on 23 September 2020, IBO Communication and China Mobile Integration entered into an equipment procurement contract for IBO New 5G Indoor Coverage system at a total consideration of RMB32,544,000.

In the future, the Group will continue to explore opportunities for cooperation with external parties and optimize the quality of the Group's products and service by integrating their respective advantages.

Focusing on developing the application fields of the intelligent IoT

The IoT industry in China is in a stage of rapid growth. Under the background of the gradual maturity and popularization of 5G, artificial intelligence, big data and other technologies, the application of intelligent IoT is currently the main development direction of the IoT industry. The Group will provide various industries with enriched digital transformation solutions as well as create new value for customers.

In the previous year, the Group provided IoT solutions for a variety of industries, including schools, hospitals and real estate developers, with an aim to explore more potential 5G+ intelligent IoT application segments by leveraging their respective advantages and integrating market resources. In the future, the Group will continue to deepen its cooperation with external technology companies, industry partners and scientific research institutions, so as to introduce the enhanced intelligent IoT technology to more different fields.

Consolidating its market position in China and seeking global business opportunities

As a leading IoT intelligent terminal product application and solution service provider in the industry, while consolidating its existing market and business in Mainland China, the Group will also keep an eye on the world by accelerating the deployment of overseas markets and actively developing high-quality overseas projects. In the future, the Group will focus on the 5G network construction and launch more 5G base station products with the goal of promoting the brand "IBO Technology" to the global market.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that had occurred after the reporting period.

USE OF NET PROCEEDS FROM PLACING OF CONVERTIBLE BONDS

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

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

On 3 April 2019, convertible bonds with an aggregate principal amount of HK\$22,400,000 have been successfully placed to the places, all of whom and whose ultimate beneficial owners are independent third parties. During the Period, the conversion rights attached to the convertible bonds with an principal amount of HK\$13,440,000 have been exercised at the initial conversion price of HK\$1.6 per conversion share. As of 30 September 2020, the conversion rights attached to the convertible bonds with an principal amount of HK\$15,360,000 have been exercised at the initial conversion price of HK\$1.6 per conversion share. 8,400,000 and 9,600,000 conversion shares have been allotted and issued to the convertible bond holders, respectively, according to the terms and conditions of the convertible bonds with a par value of HK\$84,000 and HK\$96,000, respectively, ranking pari passu with all of the issued shares on the date of allotment and among themselves in all aspects.

On 30 September 2020, the outstanding aggregate principal amount of convertible bonds was HK\$7,040,000. Assuming the full conversion into conversion shares and based on the initial conversion price of HK\$1.6 per conversion share, 4,400,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK\$44,000. The conversion shares will be allotted and issued under the General Mandate.

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

As of 30 September 2020, the Group has utilised a total of approximately RMB5.26 million from the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 3 April 2019, which are used for the project in relation to the strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司, “IAC”) as set out in the announcement of the Company dated 4 February 2019. The unutilised net proceeds from placing of convertible bonds have been deposited in a licensed financial institution, which is expected to be fully utilised in 2021. The expected timeline for the utilisation of unutilised net proceeds is based on the Group’s best estimate of future market conditions, but is subject to changes in current and future market conditions. The utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from placing of convertible bonds		Actually utilised amount as of 30 September 2020	Unutilised amount as of 30 September 2020
	%	RMB’000	RMB’000	RMB’000
Project in relation to the strategic cooperation framework agreement with IAC	100.0	18,319	5,258	13,061

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

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

On 10 July 2019, convertible bonds with an aggregate principal amount of HK\$31,140,000 have been successfully placed to the places, all of whom and whose ultimate beneficial owners are independent third parties. As of 30 September 2020, the conversion rights attached to the convertible bonds with an principal amount of HK\$1,557,000 have been exercised at the initial conversion price of HK\$1.73 per conversion share, and 900,000 conversion shares have been allotted and issued to the convertible bond holders according to the terms and conditions of the convertible bonds with a par value of HK\$9,000, ranking pari passu with all of the issued shares on the date of allotment and among themselves in all aspects.

On 30 September 2020, the outstanding aggregate principal amount of convertible bonds was HK\$29,583,000, assuming the full conversion into conversion shares, based on the initial conversion price of HK\$1.73 per conversion share, 17,100,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK\$171,000. The conversion shares will be allotted and issued under the General Mandate.

* For identification purpose only

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

As of 30 September 2020, the Group has utilised a total of approximately RMB21.78 million from the net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 10 July 2019, which are used for the “Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)” as set out in the voluntary announcement of the Company dated 10 June 2019. As disclosed in such voluntary announcement, at the first stage of such project of two to three years, the Company plans to contribute approximately RMB90,000,000 for the establishment and implementation of its nine sub-projects, and the net proceeds provide the first round of funding for kicking off and setting up of such project. The unutilised net proceeds from placing of convertible bonds have been deposited in a licensed financial institution, which is expected to be fully utilised in 2021. The expected timeline for the utilisation of unutilised net proceeds is based on the Group’s best estimate of future market conditions, but is subject to changes in current and future market conditions. The utilisation of net proceeds was summarised as below:

	Original allocation of net proceeds from placing of convertible bonds	Actually utilised amount as of 30 September 2020	Unutilised amount as of 30 September 2020
	<i>%</i>	<i>RMB’000</i>	<i>RMB’000</i>
Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)	<u>100.0</u>	<u>26,624</u>	<u>21,780</u>
			<u>4,844</u>

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company consists of three independent non-executive Directors, namely Mr. Hung Muk Ming (Chairman), Dr. He Tianxiang and Dr. Wong Kwok Yan. The Company’s unaudited interim results for the six months ended 30 September 2020 have been reviewed by the audit committee. The audit committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosures have been made.

* For identification purpose only

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

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: nil).

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

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

APPRECIATION

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

DEFINITIONS

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

“Board”	The board of Directors
“Company”	IBO Technology Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board (Stock Code: 2708)
“Company’s Code”	a code of conduct regarding Directors’ transactions in securities of the Company
“Director(s)”	the director(s) of the Company
“Fangyu Yunwei”	Jiangxi Fangyu Yunwei Network Technology Co., Ltd.* (江西方宇運維網絡科技有限公司), a company established in the PRC with limited liability
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 27 August 2018 to allot and issue up to 80,000,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Yingding”	Hunan Yingding Network Co., Ltd.* (湖南盈鼎網絡有限公司), a company established in the PRC with limited liability

* For identification purpose only

“IBO Communication”	Shenzhen IBO Communication Company Limited* (深圳市艾伯通信有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
“IBO Information”	IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“IBO Information Technology”	IBO Shenzhen Information Technology Limited* (深圳市艾伯信息科技有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
“IBO Digital”	IBO Shenzhen Digital Limited* (深圳市艾伯數字有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region
“RMB”	Renminbi, the lawful currency of the PRC
“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

* For identification purpose only

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weitu Group”	collectively, Weitu Technology, Yunwei Network, Hunan Yingding and Fangyu Yunwei
“Weitu Technology”	Shenzhen Weitu Technology Development Co., Ltd.* (深圳市偉圖科技開發有限公司), a company established in the PRC with limited liability
“Yunwei Network”	Shenzhen Yunwei Network Co., Ltd.* (深圳市運維網絡有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 30 November 2020

As at the date of this announcement, the executive Directors are Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Lyu Huiheng; the non-executive Director is Ms. Sun Qing; and the independent non-executive Directors are Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming.

* For identification purpose only