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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

RESULTS HIGHLIGHTS

— Revenue for the year ended 31 March 2023 was approximately RMB907.27 million, representing a decrease of 13.3% as compared with approximately RMB1,046.30 million for the year ended 31 March 2022.

— Gross profit for the year ended 31 March 2023 was approximately RMB93.90 million, representing a decrease of 47.4% as compared with approximately RMB178.60 million for the year ended 31 March 2022. Gross profit margin for the year ended 31 March 2023 was 10.3%, representing a decrease of 6.8 percentage points as compared with 17.1% for the year ended 31 March 2022.

— Loss attributable to owners of the Company for the year ended 31 March 2023 was approximately RMB243.56 million, as compared to profit attributable to owners of the Company of approximately RMB14.66 million for the year ended 31 March 2022.

— Basic loss per Share for the year ended 31 March 2023 was approximately RMB37.78 cent, as compared to basic earnings per Share of approximately RMB2.67 cents for the year ended 31 March 2022.

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 March 2023 (the "**Year**"), together with the comparative figures for the year ended 31 March 2022 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**907,274**	1,046,296
Cost of sales and services rendered		**(813,371)**	(867,695)
Gross profit		**93,903**	178,601
Other income		**7,043**	6,317
Other (losses)/gains, net	*4*	**(54,592)**	3,664
Share of results of associates		**(34)**	727
Impairment losses under expected credit loss model, net of reversal		**(150,998)**	(15,423)
Distribution and selling expenses		**(6,890)**	(8,048)
Administrative expenses		**(59,311)**	(62,624)
Equity-settled share-based payments		**(54,912)**	(28,488)
Finance costs		**(19,748)**	(18,290)
Research and development expenses		**(39,646)**	(12,531)
(Loss)/profit before taxation		**(285,185)**	43,905
Income tax expense	*5*	**(8,095)**	(19,889)
(Loss)/profit and total comprehensive (expense)/income for the year	*6*	**(293,280)**	24,016
(Loss)/profit and total comprehensive (expense)/income for the year attributable to			
— Owners of the Company		**(243,564)**	14,663
— Non-controlling interests		**(49,716)**	9,353
		(293,280)	24,016
(Loss)/earnings per share			
— Basic (RMB cents)	*8*	**(37.78)**	2.67
— Diluted (RMB cents)		**(37.78)**	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**6,754**	8,821
Right-of-use assets		**3,369**	9,427
Investment properties		**20,520**	21,000
Goodwill	*9*	**20,032**	23,632
Intangible assets	*10*	**31,524**	71,474
Interests in associates		**212,998**	213,032
Rental deposits		**272**	891
Deferred tax assets		**–**	9,111
		295,469	357,388
Current assets			
Inventories		**44,731**	2,210
Trade and other receivables	*11*	**1,497,208**	939,539
Contract assets		**–**	1,947
Amount due from an associate		**–**	67
Amounts due from non-controlling interests		**35**	515
Financial assets at fair value through profit or loss		**71,181**	16,415
Pledged bank deposits		**14,000**	–
Bank balances and cash		**206,719**	243,611
		1,833,874	1,204,304
Current liabilities			
Trade and other payables	*12*	**1,253,954**	657,854
Lease liabilities		**723**	5,475
Amounts due to non-controlling interests		**9,203**	8,977
Bank and other borrowings		**97,213**	31,013
Consideration payable		**–**	33,456
Bonds payables		**95,134**	63,177
Convertible bonds		**–**	28,198
Tax payables		**53,859**	51,903
		1,510,086	880,053
Net current assets		**323,788**	324,251
Total assets less current liabilities		**619,257**	681,639

	Note	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Lease liabilities		**2,614**	4,197
Bank and other borrowings		**20,108**	2,430
Bonds payables		**11,505**	26,562
Deferred tax liabilities		**17,794**	27,236
		52,021	60,425
		567,236	621,214
Capital and reserves			
Share capital	*13*	**5,616**	4,865
Reserves		**508,241**	529,754
Equity attributable to owners of the Company		**513,857**	534,619
Non-controlling interests		**53,379**	86,595
Total Equity		**567,236**	621,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

IBO Technology Company Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 23/F, Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company and the principal activities of its subsidiaries (collectively referred to as the "**Group**") are engaged in sale of Radio Frequency Identification ("**RFID**") equipment and electronic products (collectively the "**intelligent terminal products**"), provision of system maintenance services, development of customised softwares and provision of coordination, management and installation services of smart cities.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 April 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 April 2022. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

Impacts on application of Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract

The Group has applied the amendments for the first time in the current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 April 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation [3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

    (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

    (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2023, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 March 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on or after 1 April 2023, with early application permitted. As at 31 March 2023, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB3,369,000 and RMB3,337,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Types of goods or services

	2023	2022
	RMB'000	*RMB'000*
Intelligent terminal products sales	**842,607**	891,369
Provision of coordination, management and installation services of smart cities	**434**	39,819
Software development	**52,463**	104,232
System maintenance services	**11,770**	10,876
Total revenue from contracts with customers	**907,274**	1,046,296

Timing of revenue recognition

	2023				
	Intelligent terminal products sales *RMB'000*	**Provision of coordination, management and installation services of smart cities** *RMB'000*	**Software development** *RMB'000*	**System maintenance services** *RMB'000*	**Total** *RMB'000*
A point in time	**842,607**	**–**	**–**	**–**	**842,607**
Over time	**–**	**434**	**52,463**	**11,770**	**64,667**
	842,607	**434**	**52,463**	**11,770**	**907,274**

	2022				
	Intelligent terminal products sales *RMB'000*	Provision of coordination, management and installation services of smart cities *RMB'000*	Software development *RMB'000*	System maintenance services *RMB'000*	Total *RMB'000*
A point in time	891,369	–	–	–	891,369
Over time	–	39,819	104,232	10,876	154,927
	891,369	39,819	104,232	10,876	1,046,296

Set out below is the reconciliation of the revenue from types of goods or services with the amounts disclosed in the segment information.

For the year ended 31 March 2023

	Types of goods or services				
	Intelligent terminal products sales *RMB'000*	**Provision of coordination, management and installation services of smart cities** *RMB'000*	**Software development** *RMB'000*	**System maintenance services** *RMB'000*	**Total** *RMB'000*
Operating segments					
Intelligent terminal products sales	**842,607**	**–**	**–**	**–**	**842,607**
System integration	**–**	**434**	**–**	**–**	**434**
Software development	**–**	**–**	**52,463**	**–**	**52,463**
System maintenance services	**–**	**–**	**–**	**11,770**	**11,770**
	842,607	**434**	**52,463**	**11,770**	**907,274**

For the year ended 31 March 2022

	Types of goods or services				
	Intelligent terminal products sales *RMB'000*	Provision of coordination, management and installation services of smart cities *RMB'000*	Software development *RMB'000*	System maintenance services *RMB'000*	Total *RMB'000*
Operating segments					
Intelligent terminal products sales	891,369	–	–	–	891,369
System integration	–	39,819	–	–	39,819
Software development	–	–	104,232	–	104,232
System maintenance services	–	–	–	10,876	10,876
	891,369	39,819	104,232	10,876	1,046,296

(ii) Performance obligations for contracts with customers

Intelligent terminal products sales (revenue recognised at a point in time)

The Group sells the intelligent terminal products, such as RFID equipment and electronic products, directly to its customers. The revenue from intelligent terminal products sales is recognised at a point of time when the products are accepted by the customer, at which point in time control is transferred to the customer. The normal credit term is 180 days upon acceptance by customers, subject to assurance type warranty. In general, the Group provides a standard 1 year warranty to its customers and no significant sale return was noted based on historical records for the current and previous financial years. Therefore the Group estimated there are no significant provision regarding warranty and sale return.

For sales of products in system integration segment, the Group considers the control of products transferred when customers have checked and accepted the products and the performance obligation is satisfied at which the control is transferred. The revenue from product sales in system integration segment is recognised at a point in time. The normal credit term is 0–270 days upon acceptance by customers. No significant sale return was noted based on historical records for the current and previous financial years and therefore the Group estimated there are no significant provision regarding warranty and sale return.

Provision of coordination, management and installation services (revenue recognised over time)

The Group provides total solutions services including procurement of materials, design, system development and integration process to its customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract with reference to the proportion that the value of work carried out during the year. The normal credit term is 0–270 days upon rendering of bills. In general, the Group provides not more than 1 year assurance type warranty to its customers.

Software development (revenue recognised over time)

The Group develops customised software to its customers according to customer's specific needs and requirements. Therefore, it does not have an alternative use to the Group. As stipulated in the contracts, the Group has the rights to require its customer to pay the performance completed to date if the projects are suspended or cancelled. The revenue from software development is recognised over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. The normal credit term is within 270 days upon the completion of software development and the services and products are accepted by customers. In general, the Group provides not more than 1 year assurance type warranty to its customers.

System maintenance services (revenue recognised over time)

The Group provides on site system maintenance services. The scope for maintenance contract solely includes maintenance work for a fixed period. The revenue from provision of system maintenance services is recognised over time as the customer simultaneously receives and consumes the maintenance services as time elapsed within the service period as the Group performs. Accordingly, revenue is recognised on a straight-line basis during the service period. The customers should settle the trade receivable within 180 days upon the issue of value added tax invoice.

Segment revenue and results

The Group's operating segments are determined based on information reported to Mr. Lai, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and assessment of segment performance, which 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 currently are as follows:

(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 operating and reportable 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:

	Intelligent terminal products sales *RMB'000*	**System integration** *RMB'000*	**Software development** *RMB'000*	**System maintenance services** *RMB'000*	**Total** *RMB'000*
For the year ended 31 March 2023					
REVENUE					
External sales	**842,607**	**434**	**52,463**	**11,770**	**907,274**
SEGMENT (LOSS)/PROFIT	**(10,465)**	**(38,121)**	**(11,065)**	**4,884**	**(54,767)**
Other income					**7,043**
Unallocated expenses					**(48,864)**
Administrative expenses					**(59,311)**
Finance costs					**(19,748)**
Other losses, net					**(54,592)**
Equity-settled share-based payments					**(54,912)**
Share of results of associates					**(34)**
Loss before taxation					**(285,185)**

	Intelligent terminal products sales *RMB'000*	System integration *RMB'000*	Software development *RMB'000*	System maintenance services *RMB'000*	Total *RMB'000*
For the year ended 31 March 2022					
REVENUE					
External sales	891,369	39,819	104,232	10,876	1,046,296
SEGMENT PROFIT	88,935	1,038	72,811	2,946	165,730
Other income					6,317
Unallocated expenses					(23,131)
Administrative expenses					(62,624)
Finance costs					(18,290)
Other gains, net					3,664
Equity-settled share-based payments					(28,488)
Share of results of associates					727
Profit before taxation					43,905

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

The CODM makes decisions according to operating results of each segment. Therefore, only segment revenue and segment results are presented.

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		**Specified non-current assets**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**907,274**	1,016,900	**294,303**	343,743
Hong Kong	**–**	29,396	**894**	3,643
	907,274	1,046,296	**295,197**	347,386

Information about major customers

Revenue from customers during the year individually contributing over 10% of the Group's revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A[1]	**233,263**	127,102
Customer B[1]	**134,004**	N/A[2]
Customer C[1]	**124,345**	N/A[2]
Customer D[1]	**N/A[2]**	331,002
Customer E[1]	**N/A[2]**	152,914
Customer F[1]	**N/A[2]**	139,425

1 Revenue from intelligent terminal products sales segment

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER (LOSSES)/GAINS, NET

	2023	2022
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**64**	–
Written off of property, plant and equipment	**(4)**	(38)
(Loss)/gain on change in fair value of investment properties	**(480)**	800
Loss on change in fair value of financial assets at FVTPL	**(8,602)**	(6,422)
Net exchange (loss)/gain	**(5,668)**	4,312
Recognition of deferred loss from initial recognition of convertible bonds	**(287)**	(2,423)
Gain on change in fair value of derivative component of the convertible bonds	**–**	13,831
Gain on disposal of financial assets at FVTPL	**–**	9
Gain on early termination of leases, net	**358**	–
Written off of amount due from an associate	**(75)**	–
Impairment loss on goodwill	**(3,600)**	–
Impairment loss recognised on interest in an associate	**–**	(6,202)
Written off of other receivables	**–**	(200)
Written off of intangible assets — software	**(36,203)**	–
Others	**(95)**	(3)
	(54,592)	3,664

5. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
— Current tax:	**8,391**	20,297
— Underprovision in prior year	**35**	–
	8,426	20,297
Deferred tax	**(331)**	(408)
	8,095	19,889

Hong Kong

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

During the current year, no provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the year (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 year.

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 years.

6. (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR

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

	2023	2022
	RMB'000	*RMB'000*
Directors' remuneration (included in administrative expenses):		
— Fees	**3,892**	3,492
— Salaries and other allowances	**4,702**	4,163
— Retirement benefit scheme contributions	**139**	87
— Equity-settled share-based payments	**3,490**	7,938
Other staff costs (included in cost of sales and services rendered, administrative expenses and research and development expenses):		
— Salaries and other allowances	**30,196**	41,772
— Retirement benefit scheme contributions	**1,681**	3,141
— Equity-settled share-based payments	**51,422**	16,854
Total staff costs	**95,522**	77,447
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	**7,716**	8,118
Auditor's remuneration		
— Current year	**2,499**	1,768
— Underprovision in prior year	**108**	–
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	**766,011**	861,045
Depreciation of property, plant and equipment (included in administrative expenses)	**2,766**	2,936
Depreciation of right-of-use assets (included in administrative expenses)	**4,192**	6,026
Written off of intangible assets — development costs (included in cost of sales)	**–**	4,465

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

8. (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:

	2023	2022
	RMB'000	*RMB'000*
(Loss)/earnings:		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share	**(243,564)**	14,663
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	(14,057)
(Loss)/earnings for the purpose of calculating diluted (loss)/earnings per share	**(243,564)**	606

	2023	2022
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share *(note)*	**644,706**	550,156
Effect of dilutive potential ordinary shares:		
— Share options	**–**	13,866
— Convertible bonds	**–**	5,920
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**644,706**	569,942

The computation of diluted loss per share for the year ended 31 March 2023 does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share.

Note: The computation of the weighted average number of ordinary shares for the year ended 31 March 2022 has taken up the effect of the issuance of consideration shares.

9. GOODWILL

	RMB'000
COST	
At 1 April 2021, 31 March 2022 and 2023	44,157
IMPAIRMENT	
At 1 April 2021 and 31 March 2022	20,525
Impairment loss recognised in the year	3,600
As at 31 March 2023	**24,125**
CARRYING VALUES	
At 31 March 2023	**20,032**
At 31 March 2022	23,632

For the purposes of impairment testing, goodwill and brand name with indefinite useful lives set out in note 10 have been allocated to two individual cash-generating units ("**CGUs**"), comprising the system integration segment and the software development segment. The carrying amounts of goodwill and brand name allocated to these units are as follows:

	Goodwill		**Brand name with indefinite useful life**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
System integration business (Unit A)	**14,052**	17,652	**18,614**	18,614
Software development business (Unit B)	**5,980**	5,980	**2,686**	2,686
	20,032	23,632	**21,300**	21,300

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

Unit A mainly provides cloud services and integrated solutions for urban public service administration Software-as-a Service. The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period and pre-tax discount rate of 30.00% (2022: 30.13%). The CGU's cash flows beyond the five-year period are extrapolated using a steady 2% (2022: 2%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. During the year ended 31 March 2023, the Group's system integration business was hit hard by COVID-19 restrictions which resulted in Unit A's operations coming to a halt as client on-site works could not be performed. Such restrictions have since been lifted and business has commenced again. Management's forecast of estimation cash inflows for Unit A is based on memorandum of understanding with clients and backlog of works yet to be performed. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include growth rate of revenue, which is based on the unit's past performance, management's expectations on customers' needs and the market development. There has been no change from the valuation technique used in prior year.

Based on the results of the impairment assessment, impairment loss on goodwill of approximately RMB3,600,000 was recognised for the year ended 31 March 2023 (2022: Nil). After the impairment loss was recognised, the recoverable amount of Unit A is equal its carrying amount.

During the year ended 31 March 2022, if the pre-tax discount rate was changed to 32.13% or the budgeted revenue covering five years period were reduced by 2.00% while other parameters remain constant, the recoverable amount of Unit A would equal its carrying amount.

Unit B

Unit B mainly develops customised software to its customers related to urban public service administration. The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and pre-tax discount rate of 27.41% (2022: 28.08%). The CGU's cash flows beyond the five-year period are extrapolated using a steady 2% (2022: 2%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include growth rate of revenue, which is based on the unit's past performance, management's expectations on customers' needs and the market development. There has been no change from the valuation technique used in prior year. As the result of the impairment assessment, no impairment was necessary for the year ended 31 March 2023 (2022: Nil).

As at 31 March 2023 and 2022, the management of the Group believes that any reasonably possible change in any of the aforementioned key assumptions would not cause the carrying amount of this CGU to exceed its recoverable amount.

10. INTANGIBLE ASSETS

	Development costs	Patents	Brand name	Club membership	Customer relationship	Softwares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 April 2021	39,183	–	21,300	818	23,867	–	85,168
Additions	6,647	–	–	–	–	32,333	38,980
Written off	(4,465)	–	–	–	(23,867)	–	(28,332)
At 31 March 2022	41,365	–	21,300	818	–	32,333	95,816
Additions	3,881	88	–	–	–	–	3,969
Transfer	(41,365)	202	–	–	–	41,163	–
Written off	–	–	–	–	–	(42,586)	(42,586)
At 31 March 2023	**3,881**	**290**	**21,300**	**818**	**–**	**30,910**	**57,199**
AMORTISATION							
At 1 April 2021	16,104	–	–	120	23,867	–	40,091
Charge for the year	7,104	–	–	41	–	973	8,118
Written off	–	–	–	–	(23,867)	–	(23,867)
At 31 March 2022	23,208	–	–	161	–	973	24,342
Charge for the year	–	31	–	41	–	7,644	7,716
Transfer	(23,208)	12	–	–	–	23,196	–
Written off	–	–	–	–	–	(6,383)	(6,383)
At 31 March 2023	**–**	**43**	**–**	**202**	**–**	**25,430**	**25,675**
CARRYING VALUES							
At 31 March 2023	**3,881**	**247**	**21,300**	**616**	**–**	**5,480**	**31,524**
At 31 March 2022	18,157	–	21,300	657	–	31,360	71,474

Development costs, brand name and customer relationship were recognised upon the acquisition of Bright Leap Limited ("**Bright Leap**"), a limited liability company incorporated in the British Virgin Islands ("**BVI**"), together with its subsidiaries ("**Bright Leap Group**"). Club membership is acquired from third parties.

Brand name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 9.

Impairment assessment of software

During the year, intangible assets — software of approximately RMB36,203,000 was written off due to management assessed that no expected future revenues will be generated from those software. The management of the Group used discounted cash flow to perform the impairment assessment on the net amount of the intangible assets — software. Management concluded that the net carrying amount of intangible assets — software of approximately RMB5,480,000 was not impaired as of 31 March 2023.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**1,429,048**	903,364
Less: allowance for ECL	**(183,832)**	(35,163)
	1,245,216	868,201
Other receivables, net of ECL	**16,842**	14,300
Value-added tax recoverable	**240**	8
Prepayments for purchase of inventories	**233,633**	56,234
Rental deposit, net of ECL	**1,277**	796
Total trade and other receivables	**1,497,208**	939,539

The Group allows credit period ranging from 0 day 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 delivery of goods/payment certificates/invoice dates at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
0–30 days	**299,785**	377,097
31–90 days	**283,111**	226,891
91–180 days	**97,744**	743
181–365 days	**299,943**	97,648
Over 365 days	**264,633**	165,822
	1,245,216	868,201

12. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**862,434**	506,710
Bills payables	**14,000**	4,000
Contract liabilities	**37,423**	663
Other payables	**46,413**	10,643
Other tax payables	**174,123**	118,239
Accrued expenses	**14,875**	3,858
Accrued payroll expenses	**25,359**	10,994
Investment cost payable	**34,780**	–
Deposits received for issue of convertible bonds	**44,547**	–
Interest payables	**–**	2,747
Total trade and other payables	**1,253,954**	657,854

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:

	2023	2022
	RMB'000	*RMB'000*
0–90 days	**373,431**	439,032
91–180 days	**110,013**	1,199
181–365 days	**33,524**	23,611
1–2 years	**307,158**	12,984
Over 2 years	**38,308**	29,884
	862,434	506,710

13. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 31 March 2023	1,000,000,000	10,000

	Number of shares	Share capital	Shown in the consolidated statement of financial position
		HK$'000	*RMB'000*
Issued:			
At 1 April 2021	488,263,141	4,883	4,103
Issue of shares upon exercise of share options	60,000,000	600	496
Issue of shares arising from conversion of convertible bonds	1,260,000	12	10
Issue of shares under Specific Mandate *(note 1)*	10,000,000	100	81
Issue of shares under General Mandate *(note 2)*	21,000,000	210	175
At 31 March 2022	580,523,141	5,805	4,865
Issue of shares upon exercise of share options	27,000,000	270	247
Issue of shares arising from conversion of convertible bonds	11,600,000	116	97
Issue of shares under Specific Mandate *(note 1)*	40,000,000	400	337
Issue of consideration shares *(note 3)*	8,195,632	82	70
At 31 March 2023	**667,318,773**	**6,673**	**5,616**

Notes:

1. 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.

2. On 13 May 2021, pursuant to a placing agreement dated 5 May 2021 between the Company and a placing agent, the Company issued an aggregate of 21,000,000 new ordinary shares of HK$0.01 each at a price of HK$3.69 per share to independent parties. The Proceeds would be used for investment in its 5G products and systems, as well as its working capital and other general corporate purposes. Details of the share placement were contained in the Company's announcements dated 5 May 2021 and 13 May 2021.

3. 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.

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

14. EVENTS AFTER THE REPORTING PERIOD

(i) Issue of convertible bonds

On 2 May 2023, the Company issued convertible bonds of HK$53,592,000 (equivalent to approximately RMB48,233,000) to not less than six places. Proceeds from the placement will be used for purchase of inventories for intelligent terminal product sales and sales and services rendering related business expenses. Details of the convertible bonds is set out in the announcement of the Company dated 28 March 2023, 3 April 2023 and 2 May 2023.

(ii) Investment in Hangzhou Yixin Micro Technology Co., Ltd.

On 29 May 2023, the Company, IBO Intelligent (Shenzhen) Limited (the "**Subscriber**"), an indirect subsidiary of the Company, the Original Yixin Shareholders and Hangzhou Yixin Micro Technology Co., Ltd. (the "**Target Company**") entered into an Investment and Acquisition Agreement, pursuant to which (i) the Subscriber conditionally agreed to invest an amount in RMB which is equal to HK$40,000,000 (equivalent to RMB36,035,600) in the Target Company in order to hold 5.00% of the share capital of the Target Company upon the Completion; and (ii) after the Completion and the completion of the restructuring, the Company shall have the right to proceed with the further investment such that the Group will hold an aggregate of 35% to 46% of the share capital of the Target Company. At the date of the issuance of the consolidated financial statements, the additional investment was not yet completed. Details of the additional investment is disclosed in the announcement of the Company dated 29 May 2023.

(iii) Placing of shares

On 19 June 2023, the Company and the placing agent entered into a placing agreement, pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 30,000,000 placing shares to the placees at the placing price of HK$1.14 per share. Details of the placing is disclosed in the announcement of the Company dated 19 June 2023. At the date of issuance of the consolidated financial statements, the placement was not yet completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Group is a national high-tech enterprise that designs, researches and develops and provides customers with Information Technology Application Innovation ("**ITAI**") electronic terminals, 5G communication network and artificial intelligence ("**AI**") IoT products, as well as industrial digital solutions. The Group's three main businesses are ITAI IT (terminal products and industry solutions), 5G (communication equipment and private network solutions) and IoT (products and solutions), and is committed to providing services to customers in public and private sectors.

In terms of ITAI IT products, the Group is committed to providing high-quality purely domestically-produced IT products, mainly including notebooks, tablets, all-in-one PCs, desktop PCs and industrial gateway servers etc. For 5G indoor coverage products, the Group has developed its own 5G pico base station finished products with full proprietary intellectual property rights. In addition, leveraging on our excellent IoT product technology, as the era of big data and AI technology arrives, the Group rapidly upgrades its proprietary IoT technology and combines it with ITAI electronic product technology and 5G communication network technology, creating synergies, aiming to provide one-stop industrial digital solutions for enterprise customers.

MARKET REVIEW

The Negative Impact of the Pandemic Continues to be a Serious Challenge to PRC's Economic Growth

During the Year, the Group's business was hard-hit by internal and external problems. Domestically, widespread lockdown and historic downturn in the property market were caused by the outbreak of 2019 Coronavirus (the "**Pandemic**"). Internationally, the Russian-Ukrainian war and the trade tension between China and the United States posed a huge impact on the international situation. All the above factors resulted in the record of the second lowest growth rate of the PRC in half a century in 2022, that its GDP growth was only 3%, well below the official estimate of 5.5%. During the Year, PRC's strict anti-epidemic measures led to contraction of demand on the one hand, and restrictions on the human mobility and instability of logistics and transportation on the other, resulting in the suspension of operation and production in many factories and enterprises. Under such situation, it was more difficult for enterprises to absorb costs, particularly the difficulties in production and operation for micro, small and medium-sized enterprises have become more severe, which affected the stability of the supply chain and further slowed down the pace of economic recovery.

The PRC government has gradually relaxed its epidemic prevention policies since December 2022, when the State Council of the PRC issued the "New Ten Rules" on epidemic prevention and control measures. Consumer demand, which had been refrained for a long time, has improved, especially household consumption has recovered more rapidly, but the international situation is still unclear and the demand, labour force, production and supply chain in the PRC have yet to get back on track. At the Chinese People's Political Consultative Conference and the National People's Congress held in March 2023, the PRC government's work report set an economic growth target of around 5% for 2023, which was the lowest target in nearly three decades.

PRC's Breakthroughs in Innovation and the Rise of Importance of the ITAI Industry

As the core area of the digital economy and technological innovation, the ITAI industry is the gear that enhances the development of the industrial chain, and is the key to promoting the digital transformation of the national economy and enhancing the country's autonomous control strength. With the rapid development of information technology, practical applications are expanding to include information security, cloud computing, big data, AI and industrial internet, etc., the ITAI industry has become the top priority in the development of national strategies. In order to continuously improve and expand the development of the ITAI industry, the central government has continued to introduce relevant supporting policies and development strategies. In October 2022, at the 20th National Congress of the Communist Party of China, the government repeatedly mentioned the need to safeguard its national security, thus, it is imperative to accelerate the development of the ITAI industry as a major theme of the national security and an important part of the national security system. In February 2023, the central government launched the "Digital China Construction Overall Layout Plan" (《數字中國建設整體佈局規劃》) to actively cultivate and strengthen the core industries of the digital economy and build a digital industry cluster with international competitiveness.

"Digital China" Leads the Nation's Construction, 5G Development Enters a Critical Period

Since 2021, the central government has been issuing policies to strongly support the development of 5G industry, such as the "14th Five-Year Plan for Digital Economy Development" and the "14th Five-Year National Information Plan", 5G technology has been developing in the PRC, and the industry application scenarios have been broadening, becoming a new engine in the construction of "Digital China". In order to continue to stimulate new vitality in 5G application innovation and achieve continuous breakthroughs in the depth and breadth of 5G applications, the central and local governments have been strengthening their support. Guided by the"'Set Sail' Action Plan for 5G Applications (2021–2023)" (《5G應用「揚帆」行動計劃(2021–2023年)》), various ministries and local governments have introduced supportive policies, and the construction of 5G base stations is steadily advancing. By the end of February 2023, the total number of 5G base stations in the PRC has reached 2,384,000, accounting for over 60% of the world's total.

During the Year, with years of experience in technology innovation, the Group has steadily developed its three business segments — 5G, ITAI IT and IoT. Given that these three business segments are closely connected in terms of underlying technologies, application technologies, supply chain projects and business models, the Group has been actively promoting the synergy effect to create brand new business models and industrial ecosystems, thus providing one-stop industrial digital solutions to satisfy the demand of customers in different industries.

However, the overall economic environment in the PRC was stagnant in the second half of the year, and a number of industries, including those in which the Group and the Group's customers operate, were affected to varying degrees and the overall operating conditions were unsatisfactory. In view of this, in order to maintain a healthy financial position, the Group took a prudent and pragmatic approach to its businesses in the second half of the year, rather than blindly pursuing growth in business scale, in order to build a corporate moat and strengthen itself in the face of the uncertain market environment.

BUSINESS REVIEW

During the Year, the Group's results were categorised into four main sectors, including (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services. Customers of the Group are from both public and private sectors in the PRC, such as PRC government agencies, large state-owned enterprises and private enterprises.

Revenue breakdown by business segments is set out below:

	For the year ended 31 March			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Intelligent terminal products sales	**842,607**	**92.9**	891,369	85.2
System integration	**434**	**0.0**	39,819	3.8
Software development	**52,463**	**5.8**	104,232	10.0
System maintenance services	**11,770**	**1.3**	10,876	1.0
Total	**907,274**	**100.0**	1,046,296	100.0

Intelligent terminal products sales

During the Year, the Group focused on the development, production and sales of customised IoT smart terminals to customers. Revenue from the IoT intelligent terminal products sales business only recorded a year-on-year decrease of approximately 5.5% to approximately RMB842.61 million (2022: approximately RMB891.37 million), despite the poor general market conditions in China during the year. This business continues to be the largest contributor to the Group's revenue, accounting for 92.9% of its total revenue.

During the Year, the Group's major customers included: (i) a technology company in Beijing principally engaged in IoT business, to which the Group sold comprehensive transportation detection system, smart IC card, RFID label, RF digital transmission module, storage module, flow acquisition module, communication module, master control module, DIP module, voltage detection module, sound and light display module, active electronic tag communication module, active electronic tag antenna feeder module, active electronic tag master control module, etc.; (ii) a company in Zhejiang principally engaged in electronic technology, to which the Group sold main board; (iii) a company in Zhejiang principally engaged in electronic technology for telecommunications equipment, to which the Group sold main board and PCBA; (iv) a business consulting company in Shenzhen, to which the Group sold electronic tags and passive tags; (v) a technology company in Sichuan providing drone-related services, to which the Group sold integrated circuits; (vi) a technology company in Jiangsu providing precision technology, to which the Group sold integrated circuits; and (vii) a technology company in Guangzhou providing anti-counterfeiting technology, to which the Group sold integrated circuits.

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. Affected by the suspension of operation and production in a number of industries last year, the Group's system integration business recorded a revenue of approximately RMB0.43 million for the Year (2022: approximately RMB39.82 million), representing a year-on-year decrease of approximately 98.9% and accounting for 0.05% of the Group's total revenue.

During the Year, the Group's major customer included a telecommunication operator in Changzhou, to which the Group conducted overall planning and design and provided technical services and protection for its equipment procurement project system integration service project.

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 RMB52.46 million for the Year (2022: approximately RMB104.23 million), representing a year-on-year decrease of approximately 49.7% and accounting for 5.8% of the Group's total revenue.

During the Year, the Group's major customers included: (i) a technology company in Beijing principally engaged in IoT business, to which the Group developed card issuance sub-system, smart fire-fighting cloud platform and digital industrial park innovation service platform; (ii) a technology company in Beijing which processed and sold smart cards, to which the Group developed IoT RFID product inspection and testing system and AID system software; (iii) a company in Shenzhen engaged in the research and development and sales of software products, to which the Group developed operation management and maintenance support system projects; (iv) a company in Guangzhou engaged in the international export logistics and cross-border e-commerce foreign trade, to which the Group provided specialised development and technical services for its digital logistics management system; and (v) a business consulting and electronic products sales company in Shenzhen, to which the Group provided specialised development and technical services for its digital logistics management system.

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. The Group's system maintenance services business maintained a steady growth during the Year, with a revenue of approximately RMB11.77 million (2022: approximately RMB10.88 million), representing a year-on-year increase of approximately 8.2% and accounting for 1.3% of the Group's total revenue.

The Group's major customer during the Year included an oil company in the PRC, to which the Group provided information system and equipment maintenance services, including fuel card control system equipment, card issuance network equipment, Easy Joy convenience store network equipment, plain invoice system equipment, centralised control system equipment, back office computer equipment, IoT system, self-service equipment, data, and upgrade, training and technical consultation.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year decreased year-on-year by 13.3% to approximately RMB907.27 million (2022: approximately RMB1,046.30 million), which was mainly due to the year-on-year decrease of the Group's revenue from the intelligent terminal products sales business, system integration business and software development business of approximately 5.5%, 98.9% and 49.7% respectively during the Year resulting from the overall poor market conditions in the PRC.

Gross profit and gross profit margin

During the Year, the Group's gross profit decreased by 47.4% to approximately RMB93.90 million (2022: approximately RMB178.60 million), which was mainly due to the year-on-year decrease of the Group's revenue from the intelligent terminal products sales business, system integration business and software development business of approximately 5.5%, 98.9% and 49.7% respectively during the Year resulting from the overall poor market conditions in the PRC. Gross profit margin decreased year-on-year by 6.8 percentage points to 10.3% (2022: 17.1%), mainly due to the increase in the revenue from the intelligent terminal products sales business with relatively low gross profit margin accounted for 92.9% of the Group's total revenue for the Year, which increased year-on-year from 85.2% in 2022.

Other income

The Group's other income for the Year included (i) interest income from bank; (ii) rental income from investment properties; (iii) government grants; (iv) interest income from other receivables; (v) imputed interest from leases; and (vi) others. Other income increased by 11.5% to approximately RMB7.04 million for the Year (2022: approximately RMB6.32 million), which maintained at a generally stable level.

Other losses, net

The Group's other losses, net amounted to approximately RMB54.59 million for the Year (2022: other gains, net of approximately RMB3.66 million). Such change was mainly due to (i) foreign exchange losses, net was recorded for the Year while foreign exchange gain, net was recorded in 2022; (ii) gain on change in fair value of derivative component of the convertible bonds of approximately RMB13.83 million was recorded in 2022 while there was no such gain for the Year and (iii) impairment loss on goodwill of approximately RMB3.6 million and written off of intangible assets of approximately RMB36.2 million were recorded for the Year while there was no such impairment loss and written off were recorded in 2022.

The impairment loss on goodwill for the Year of approximately RMB3.6 million is related to the acquisition of the Weitu Group. Further details of such acquisition are set out in the announcements of the Company dated 13 September 2018, 21 September 2018, 17 September 2019, 11 December 2020 and 25 May 2022. During the Year, the Weitu Group's system integration business was hit hard by COVID-19 restrictions which resulted in its operations coming to a halt as client on-site works could not be performed. Therefore, for the sake of prudence, the Group has adjusted the expectation of system integration business downward accordingly, resulting in the impairment loss on goodwill.

The written off of intangible assets for the Year of approximately RMB36.2 million is related to the Group's software. As above-mentioned, there was a decrease in the Group's revenue from the system integration business and software development business of approximately 98.9% and 49.7% respectively during the Year. And the revenue from the intelligent terminal products sales business accounted for 92.9% of the Group's total revenue for the Year, which increased year-on-year from 85.2% in 2022. During the Year, the revenue generated from the software was insufficient. The management performed an impairment assessment of the software accordingly, resulting in the written off of intangible assets for the sake of prudence.

Share of results of associates

The Group’s share of results of associates during the Year was primarily attributable to the investments mentioned in the section headed “MANAGEMENT DISCUSSION AND ANALYSIS — FINANCIAL REVIEW — Significant investment” in the Company’s annual report for the year ended 31 March 2022.

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 Year included changes in ECLs during the Year for financial assets, such as rental deposits, trade receivables, other receivables and contract assets. During the Year, the impairment losses under ECL model, net of reversal amounted to approximately RMB151.00 million (2022: approximately RMB15.42 million).

Subsequent settlement in respect of trade receivables

Despite the above-mentioned large increase in the Group’s ECLs for the Year, there were subsequent settlements of the trade receivables that amounted to approximately RMB384.5 million, which represented approximately 26.9% of the gross trade receivables balance as at 31 March 2023. All of the subsequent settlements were in cash.

In particular, in respect of customer A, approximately RMB140.51 million which was representing all of its gross trade receivables balance as at 31 March 2023 were subsequently settled. In respect of customer B, RMB80 million which was representing approximately 52.8% of its gross trade receivables balance as at 31 March 2023 were subsequently settled. They are new customers and well-capitalised. Also in respect of customer C, the gross trade receivable balance was approximately RMB236.46 million as at 31 March 2023 of which approximately RMB24.00 million was subsequently settled which was representing 10.2% of the gross amount of customer C. The Group has long business relationship with customer C. The Group believes that this outstanding trade receivable will be settled.

Distribution and selling expenses

The Group's distribution and selling expenses maintained at a generally stable level, and recorded approximately RMB6.89 million for the Year (2022: approximately RMB8.05 million).

Administrative expenses

The Group's administrative expenses maintained at a generally stable level, and recorded approximately RMB59.31 million for the Year (2022: approximately RMB62.62 million).

Equity-settled share-based payments

During the Year, the Group's equity-settled share-based payments increased by 92.7% to approximately RMB54.91 million (2022: approximately RMB28.49 million), which was mainly due to the fact that the Company's options granted during the Year vested immediately on the date of grant and therefore the related option expenses were not spread, whereas the Company's options granted in 2022 have a vesting period and the related option expenses were spread over the vesting period.

Finance costs

The Group's finance costs maintained at a generally stable level, and recorded approximately RMB19.75 million for the Year (2022: approximately RMB18.29 million).

Research and development expenses

The Group's research and development expenses increased by 216.4% to approximately RMB39.65 million for the Year (2022: approximately RMB12.53 million), which was mainly due to the increase in resources investing in research and development expenses as the Group's performance is expected to improve in the future.

Income tax expense

During the Year, the Group's income tax expenses decreased by 59.3% to approximately RMB8.10 million (2022: approximately RMB19.89 million), which was mainly due to the decrease of PRC Enterprise Income Tax provision for the year.

Loss attributable to owners of the Company

Based on the above factors, the Group recorded loss attributable to owners of the Company of approximately RMB243.56 million for the Year (2022: profit attributable to owners of the Company of approximately RMB14.66 million), which was mainly due to (i) the impairment losses under ECL model, net of reversal for the Year increased substantially as compared with 2022; (ii) gross profit for the Year decreased significantly as compared with 2022; and (iii) other losses, net was recorded for the Year while other gains, net was recorded in 2022.

Capital structure, liquidity and financial resources

The Group has adopted a strict financial management policy, and its financial position remained sound. As at 31 March 2023, the Group's net current assets were approximately RMB323.79 million (31 March 2022: approximately RMB324.25 million).

As at 31 March 2023, the Group's bank balances and cash were approximately RMB206.72 million (31 March 2022: approximately RMB243.61 million), and pledged bank deposits were approximately RMB14.00 million (31 March 2022: nil). The current ratio (a ratio of current assets to current liabilities) was approximately 1.2 times (31 March 2022: approximately 1.4 times).

As at 31 March 2023, the Group's total bank and other borrowings were approximately RMB117.32 million (31 March 2022: approximately RMB33.44 million).

The Company issued and renewed bonds in the aggregate principal amount of HK$62,534,000 (equivalent to approximately RMB54,661,000) for the Year (2022: HK$85,210,000 (equivalent to approximately RMB70,108,000)). As at 31 March 2023, the outstanding aggregate principal amount of bonds of the Company was HK$120,754,000 (equivalent to approximately RMB100,555,000) (31 March 2022: HK$116,510,000 (equivalent to approximately RMB90,866,000)). The bonds are transferable subject to the consent from the Company. The bonds will become due on the 1 to 2 anniversary of the issue date of the bonds. The bonds bear interest at a rate of 1% to 9% per annum, payable annually in arrears. Such proceeds will be used for general working capital of the Group.

During the Year, the conversion rights attached to the convertible bonds with a principal amount of HK$7,040,000 were exercised at the initial conversion price of HK$1.6 per conversion share and converted into 4,400,000 conversion shares (with an aggregate nominal value of HK$44,000), and the conversion rights attached to the convertible bonds with the principal amount of HK$12,456,000 were exercised at the initial conversion price of HK$1.73 per conversion share and converted into 7,200,000 conversion shares (with an aggregate nominal value of HK$72,000). Up until now, the convertible bonds issued by the Company on 3 April 2019 and 10 July 2019 have been fully converted into conversion shares. Further details are set out in the announcements of the Company dated 17 February 2019, 3 April 2019, 10 June 2019 and 10 July 2019.

During the Year, 40,000,000 subscription shares were allotted and issued to Shine Well by the Company with total proceeds of HK$60,000,000. For details, please refer to the section headed "Use of Net Proceeds from the Subscription of 100,000,000 Subscription Shares by a Connected Person under Specific Mandate" below in this announcement.

On 28 March 2023, the Company (as the issuer) and Yuet Sheung International Securities Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$92,400,000 at the initial conversion price of HK$1.54 per conversion share (subject to adjustments). Maturity date will be the last day of the two-year period from the issue date, with 8% per annum on the outstanding principal amount of the convertible bonds payable on the maturity date. On 28 March 2023, being the date on which the terms of issue to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.54 per Share. Further details are set out in the section headed "EVENTS AFTER THE REPORTING PERIOD — Placing of Convertible Bonds in a Total Principal Amount of HK$53,592,000 under 2022 General Mandate" in this announcement and the announcement of the Company dated 28 March 2023. As at 31 March 2023, the placing has not completed.

As at 31 March 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$6.6732 million divided into 667,318,773 Shares of HK$0.01 each.

Gearing ratio

As at 31 March 2023, the Group's gearing ratio (calculated by dividing total borrowings (including bank and other borrowings and bonds payables) by total equity) was approximately 39.5% (31 March 2022: approximately 24.4%, calculated by dividing total borrowings (including bank and other borrowings, bonds payables and convertible bonds) by total equity).

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 31 March 2023, the Group had no significant contingent liabilities (31 March 2022: nil).

Pledge of the Group's assets

As at 31 March 2023, (i) investment properties with an aggregate fair value of approximately RMB20,520,000 (31 March 2022: approximately RMB21,000,000); (ii) the Group's equity interest in IBO Communication (31 March 2022: nil); and (iii) trade receivables with carrying amount of approximately RMB236,463,000 (31 March 2022: approximately RMB167,382,000) have been pledged to the banks as security for the bank borrowings granted to the Group. Bank deposits amounting to approximately RMB14,000,000 (31 March 2022: nil) have also been pledged to the banks as at 31 March 2023.

As at 31 March 2023, the Group's listed securities of aggregate carrying amount of approximately RMB36,181,000 (31 March 2022: nil) were pledged by the Group to secure a margin account payable.

Material acquisition and disposal of subsidiaries and associates

Entering into Investment Agreement with Fucheng District People's Government and the Discloseable Transaction of Formation of Joint Venture

On 25 July 2022, in order to actively promote the "IBO Technology Intelligent Manufacturing Industrial Park Project"* (艾伯科技智能製造產業園項目) (the "**IBO Technology Intelligent Manufacturing Industrial Park Project**") to be launched in Fucheng District, Mianyang City, Fucheng District People's Government pays high attention to the IBO Technology Intelligent Manufacturing Industrial Park Project, and has arranged several relevant departments to have various negotiations with the Company, Shenzhen IBO Holdings Company Limited* (深圳市艾伯控股有限公司) ("**IBO Holdings**"), an indirect wholly-owned subsidiary of the Company, and Shenzhen IBO IT Application Innovation Company Limited* (深圳市艾伯信創科技有限公司) ("**IBO IT Application Innovation**") in details on the location, construction and business terms, etc., and has entered into a non-legally binding memorandum of understanding concerning the relevant matters on the IBO Technology Intelligent Manufacturing Industrial Park Project.

* *For identification purpose only*

On 30 September 2022, IBO Holdings, IBO IT Application Innovation and Fucheng District People's Government entered into the project investment agreements, pursuant to which the parties thereto conditionally agreed with the details of the cooperation and the corresponding rights and obligations in respect of the IBO Technology Intelligent Manufacturing Industrial Park Project. On the same day, IBO Holdings, IBO IT Application Innovation and Sichuan Fuchuang Development Group Limited*（四川涪創發展集團有限公司）("**Fuchuang Development**") entered into the JV Investment Agreement, pursuant to which the parties thereto conditionally agreed to establish the Project Company to implement the IBO Technology Intelligent Manufacturing Industrial Park Project.

The Board believes that the IBO Technology Intelligent Manufacturing Industrial Park Project will benefit from the advanced development of innovative technology in Mianyang City, showing the trust of Fucheng District People's Government in the Group by launching preferential policies to support the Group's ITAI business, co-building the ITAI base, and accelerating the Group's development in the ITAI industry. The PRC government has a keen demand for the ITAI products. The joint establishment of the Project Company with Fucheng District People's Government will bring great synergistic effects on promoting the sales of the ITAI products. The IBO Technology Intelligent Manufacturing Industrial Park Project also gathers upstream and downstream enterprises in the ITAI industry chain, resulting in a relatively complete industry chain, which can give full play to the strong synergistic effect of the industrial cluster as well as strengthen the Group's research and development capabilities, improve the production capabilities with better control of costs, and enhance the competitiveness.

In addition, Fuchuang Development is a state-owned company with established business presence in Fucheng District, Mianyang City in Sichuan Province. It is expected that the Group will be able to leverage the resources and expertise of such joint venture partner and gain access to new business opportunities and further depth in its business development along the technology industry.

In order to speed up the process of the implementation of the IBO Technology Intelligent Manufacturing Industrial Park Project at the request of the joint venture partners, after further discussions, on 19 October 2022 (after trading hours), IBO Holdings entered into the supplemental agreement to the JV Investment Agreement with IBO IT Application Innovation, Fuchuang Development, Mianyang Zhigu Enterprise Incubation Management Co., Ltd.*（綿陽智谷企業孵化管理有限公司）and Mianyang IBO Intelligence Company Limited*（綿陽艾伯智能有限公司）as the Project Company, pursuant to which the parties thereto agreed to amend the terms of the JV Investment Agreement.

The Board considers that the investment agreements (as supplemented by the supplemental JV Investment Agreement) and the formation of the Project Company are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

* *For identification purpose only*

Further details are set out in the announcements of the Company dated 25 July 2022, 30 September 2022, 19 October 2022 and 28 October 2022.

Material Disposal

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

Acquisition of 51.7321% of the Issued Share Capital of Bright Leap Involving Issue of Consideration Shares under 2018 General Mandate

On 13 September 2018, Upright Joy Limited ("**Upright Joy**"), a wholly-owned subsidiary of the Company entered into the following agreements relating to the acquisition of 51.7321% of the issued share capital of Bright Leap Limited ("**Bright Leap**") (the "**Acquisition of Bright Leap**"):

(1) the first sale and purchase agreement (the "**First Sale and Purchase Agreement**") with, among others, Wisdom Galore Limited ("**Wisdom Galore**"), pursuant to which Wisdom Galore has conditionally agreed to sell and Upright Joy has conditionally agreed to acquire 47% of the issued share capital of Bright Leap, which shall be settled by (i) RMB27,520,000 in cash; and (ii) the allotment and issuance of up to 27,318,773 consideration shares based on the issue price of HK$2.0 under the 2018 General Mandate by the Company to Wisdom Galore. The consideration shares may be adjusted under the guaranteed profit arrangement; and

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

On 20 September 2018, Upright Joy, Wisdom Galore, Bright Leap and other relevant parties entered into a supplemental sale and purchase agreement to revise and clarify certain formula of the adjustment mechanism regarding the consideration shares (together with the First Sale and Purchase Agreement, collectively the "**Sale and Purchase Agreement**").

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

Pursuant to the Sale and Purchase Agreement, Wisdom Galore, Bright Leap and Mr. Ke Chengwei (the guarantor) have made, guaranteed and promised, among other things, that the guaranteed profit for the year ended 31 March 2021 shall not be less than RMB25,000,000 (the "**Third Year Guaranteed Profit**").

The aggregated audited profit of Bright Leap, the wholly-owned subsidiary which was incorporated in Hong Kong and Weitu Group for the year ended 31 March 2021 exceeded the Third Year Guaranteed Profit. Under the relevant consideration shares adjustment mechanism, 8,195,632 consideration shares of the Third Year Guaranteed Profit have been allotted and issued to Wisdom Galore under the 2018 General Mandate on 25 May 2022. The Company has also issued 10,927,509 consideration shares and 8,195,632 consideration shares to Wisdom Galore on 17 September 2019 and 11 December 2020 respectively, under the 2018 General Mandate and pursuant to the relevant consideration shares adjustment mechanism. Thus, the Company has fully allotted and issued 27,318,773 consideration shares to Wisdom Galore as at 25 May 2022. Further details, including the details of the consideration shares adjustment mechanism, are set out in the announcements of the Company dated 13 September 2018, 21 September 2018, 17 September 2019, 11 December 2020 and 25 May 2022.

Significant investment

The Group did not have any significant investment as at 31 March 2023 (including any investment in an investee company, which accounted for 5% or more of the Group's total assets as at 31 March 2023).

Future plans for significant investments and capital assets

The Group is currently exploring and identifying investment and acquisition opportunities in the IoT market, 5G and ITAI related industries, and expects to utilise its internal resources to fund the business expansion.

Employee and remuneration policy

As at 31 March 2023, the Group employed a total of 178 employees (31 March 2022: 231 employees). For the Year, staff costs (including Directors' emolument) were approximately RMB95.52 million (2022: approximately RMB77.45 million). By strictly following the Labour Law* (《勞動法》), the Labour Contract Law* (《勞動合同法》) and the Labour Dispute Mediation and Arbitration Law* (《勞動爭議調解仲裁法》) of the PRC, the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religion and disability. The Group's remuneration policy for the Directors and senior management members is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group regularly reviews the remuneration policies and welfare of its employees. The Group also ensures that employees could have sufficient training and on-going professional and development opportunity based on their individual needs. The share option scheme (the "**Share Option Scheme**") was adopted by the Company on 6 December 2017 to attract, retain

* *For identification purpose only*

and motivate talented employees to strive for future developments and expansion of the Group. On 16 July 2021, 36,970,524 options were granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme, and the share options were outstanding as at 31 March 2023. On 20 August 2021, 4,100,000 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 31 March 2023. As at the date of this announcement, none of the options granted on 16 July 2021 and 20 August 2021 have been exercised. As at 28 October 2022, 54,000,000 options were granted to eligible employees under the Share Option Scheme and 27,000,000 options had been exercised as at 31 March 2023. As at the date of this announcement, 27,000,000 options granted on 28 October 2022 have been exercised.

MAJOR AWARDS AND CERTIFICATES

The table below sets out the major awards and certificates received by the Group during the Year:

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/Certified by
Credit Certificate	IBO Information was rated as Class AAAA (Year 2020) Guangdong Province Contract-abiding and Credit-worthy Enterprise	April 2022	Guangdong Provincial Market Association Credit Rating Committee
Telecommunications Equipment Network Access Trial Approval	According to the Regulations on Telecommunications of the PRC (《中華人民共和國電信條例》) and the relevant national regulations, upon the Ministry of Industry and Information Technology's review, IBO Communication's 5G mobile communication base station (Equipment Type: IBORU-I-26) was approved to be connected to the public telecommunications network for trial	6 April 2022 to 6 April 2023	Ministry of Industry and Information Technology of the PRC
Telecommunications Equipment Network Access Trial Approval	According to the Regulations on Telecommunications of the PRC (《中華人民共和國電信條例》) and the relevant national regulations, upon the Ministry of Industry and Information Technology's review, IBO Communication's 5G mobile communication base station (Equipment Type: IBORU-I-35) was approved to be connected to the public telecommunications network for trial	6 April 2022 to 6 April 2023	Ministry of Industry and Information Technology of the PRC

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/Certified by
Trademark Registration Certificates	IBO Information was approved for use of goods/ services items (International Classification: 38) Class 38: Telephone communications; computer-assisted information and image transmission; electronic bulletin board services (communication services); computer terminal communications; provision of database access services; data stream transmission; rental of information transmission equipment; optical fiber communications; mobile communications; information transmission (cut-off)	7 April 2022 to 6 April 2032	National Intellectual Property Administration
Certificate of Quality Management System	It was thereby certified that the Quality Management System of IBO Information accords with the requirements of (GB/T19001-2016/ISO9001:2015) The scope of the certified Quality Management System is: Development of computer application software, communication equipment and monitoring software, computer information system integration services, network and computer system operation and maintenance services; design, installation and maintenance of security system within the scope of qualification of security technology protection system in Guangdong Province	6 May 2022 to 26 March 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
System Integration Enterprise Capability Standard Compliance Certificate	IBO Information accords to the requirements of the system integration enterprise capability standard and achieved proficiency level 2	7 June 2022 to 6 June 2023	China System Integration Industry Association
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a computer hardware overheat protection device	17 June 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Electronics was granted a patent regarding a tablet with keyboard positioning structure	21 June 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Electronics was granted a patent regarding a vertical notebook computer cooling system	24 June 2022	National Intellectual Property Administration

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/Certified by
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a fixed distance dispensing device for notebook computer production and assembly	24 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a computer for network security education	28 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a computer noise reduction device	28 June 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding an easy-to-install solid state hard drive for computers	28 June 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Electronics was granted a patent regarding an auxiliary equipment for computer manufacturing that auto-control the amount of glue according to the temperature of the environment	1 July 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Electronics was granted a patent regarding a tablet monitor high temperature resistance testing device	1 July 2022	National Intellectual Property Administration
Corporate Social Responsibility Management System Certificate	IBO Communication's Corporate Social Responsibility Management System accords with SA8000:2014 standard coverage: research and development, production and sales of wireless base station products, communication base station RF modules, and base station remote system (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system	12 July 2022 to 4 July 2023	Zhongqiu Lianhe International Certification (Beijing) Co., Ltd.
Radio Transmission Equipment Type Approval Certificate	In accordance with the provisions on the Radio Regulations of the PRC, IBO Communication's 5G repeater (Equipment Type: IBOSFLY), after examination, conforms to the provisions with its CMIIT ID: 2021CP10133	21 July 2022 to 30 July 2023	Ministry of Industry and Information Technology of the PRC

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/Certified by
Radio Transmission Equipment Type Approval Certificate	In accordance with the provisions on the Radio Regulations of the PRC, IBO Communication's 5G repeater (Equipment Type: IBOSFYP26), after examination, conforms to the provisions with its CMIIT ID: 2021CP10088	21 July 2022 to 30 July 2023	Ministry of Industry and Information Technology of the PRC
Radio Transmission Equipment Type Approval Certificate	In accordance with the provisions on the Radio Regulations of the PRC, IBO Communication's 5G repeater (Equipment Type: IBOSFYP35), after examination, conforms to the provisions with its CMIIT ID: 2021CP10094	21 July 2022 to 30 July 2023	Ministry of Industry and Information Technology of the PRC
Enterprise Credit Rating Certificate	IBO Information was assigned to *AAA* grade in credit rating	29 July 2022 to 28 July 2023	Shenzhen Nanfang Credit Rating Co., Ltd.
Certificate of Quality Management System	It was thereby certified that the Quality Management System of IBO Communication accords with the requirements of (GB/T19001-2016/ISO9001:2015) The scope of the certified Quality Management System is: research and development, production and sales of wireless base station products, communication base station radio frequency modules, and remote base station systems (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system	3 August 2022 to 2 August 2025	Guangdong Quality Testing CTC Certification Co., Ltd.

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/Certified by
Certificate of Environmental Management System	It was thereby certified that the Environment Management System of IBO Communication accords with the requirements of (GB/T24001-2016/ISO14001:2015) The scope of the certified Environment Management System is: research and development, production and sales of wireless base station products, communication base station radio frequency modules, and remote base station systems (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system and related management activities	3 August 2022 to 2 August 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
Occupational Health and Safety Management System Certificate	It was thereby certified that the Occupational Health and Safety Management System of IBO Communication accords with the requirements of (GB/T45001-2020/ISO45001:2018) The scope of the certified Occupational Health and Safety Management System is: research and development, production and sales of wireless base station products, communication base station radio frequency modules, and remote base station systems (excluding products in the 3C catalog); design and sales of mobile communication network equipment management system and related management activities	3 August 2022 to 2 August 2025	Guangdong Quality Testing CTC Certification Co., Ltd.
Computer Software Copyright Registration Certificate	Original acquisition of full rights of 5G Cloud Core Network Management System Software V1.0 by IBO Communication	16 August 2022	National Copyright Administration of the PRC

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/Certified by
High-Tech Enterprise Certificate	IBO Information was recognised as a high-tech enterprise	14 December 2022 Validity: 3 years	Science, Technology and Innovation Commission of Shenzhen Municipality Finance Bureau of Shenzhen Municipality Shenzhen Tax Service, State Taxation Administration
Certificate of Innovative Small and Medium-sized Enterprise	IBO Communication was recognised as an innovative small and medium-sized enterprise	18 December 2022 to 17 December 2025	Services Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality
Certificate of Innovative Small and Medium-sized Enterprise	IBO Information was recognised as an innovative small and medium-sized enterprise	18 December 2022 to 17 December 2025	Services Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality
Certificate of Innovative Small and Medium-sized Enterprise	Weitu Technology was recognised as an innovative small and medium-sized enterprise	18 December 2022 to 17 December 2025	Services Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality
High-Tech Enterprise Certificate	Weitu Technology was recognised as a high-tech enterprise	19 December 2022 Validity: 3 years	Science, Technology and Innovation Commission of Shenzhen Municipality Finance Bureau of Shenzhen Municipality Shenzhen Tax Service, State Taxation Administration

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR

Winning the Bidding of the Centralised Procurement Project on 5G Mobile Broadband MIMO System of China Mobile Communications Group Shaanxi Co., Ltd.* for Year 2022–2023

On 19 April 2022, IBO Communication successfully won the bidding of the centralised procurement project on 5G mobile broadband MIMO system of China Mobile Communications Group Shaanxi Co., Ltd.* (中國移動通信集團陝西有限公司) for year 2022–2023 with a contract amount of RMB15,594,000. The product of the project is a 5G indoor signal allocation product self-developed by IBO Communication, which is able to facilitate the quick realisation of indoor coverage of 5G signal at a low cost by operators. Further details are set out in the announcement of the Company dated 20 April 2022.

Entering into Cooperation Agreement in respect of Quantum Computing Cloud Platform Development Project with Shenzhen SpinQ Technology Co., Ltd.

On 10 November 2022, IBO Holdings and Shenzhen SpinQ Technology Co., Ltd. entered into a cooperation agreement in respect of quantum computing cloud platform development project under the main cooperative principle of "supplementing resources and pursuing professional division of labour based on equality, integrity, and mutual benefits". The parties have agreed to establish close cooperation to fully utilise the strength of each party based on the advantages and resources of their respective platforms, which will advance the business development and product line extension. Subject to amicable practices and mutually beneficial negotiations, the parties will pair up to address possible issues arising from their cooperation.

Symbolising a landmark pioneering technology to advance a new information revolution, quantum computing has become a strategic vantage point for governments across the world to strive for all-round advantages in military, security, economy, scientific research, and other areas. The parties have agreed that they both demonstrate complementary technological and marketing prowess, as they are both active players in the computer design and manufacturing sector. To facilitate the business development of the parties, the parties will continue to integrate their respective advantageous resources, increase customer values, and achieve mutually beneficial cooperation. Following negotiations, the parties have determined to form strategic sustainability partnership by entering into the cooperation agreement accordingly.

Further details are set out in the announcement of the Company dated 10 November 2022.

* *For identification purpose only*

Entering into Strategic Cooperation Agreement with SDXC Shenzhen

On 30 November 2022, the Company and SDXC Shenzhen entered into a strategic cooperation agreement with the principle of "equality, honesty, mutual benefit, complementary resources and specification of work". The parties agreed to establish a close cooperative relationship leveraged on their respective platform advantages and resources, and fully utilise their respective advantages to jointly promote the business development and line extension of the parties. The parties will work together and solve the problems that may arise in the course of cooperation based on the principles of friendliness, pragmatism and mutual benefits.

With the Group's resources, it intends to make all-round and key investment in the research and development, production and sale of domestically-produced notebook computer, tablet, integrated computer, high-integration desktop computer, industry gateway server and other related ITAI products. In order to achieve complementary advantages, resource sharing and technological innovation, the parties unanimously agreed to establish a long-term and stable strategic partnership and carry out all-round strategic cooperation in the ITAI industry after friendly negotiation. The strategic cooperation agreement is entered into for the parties to comply with.

Further details are set out in the announcement of the Company dated 30 November 2022.

Entering into Letter of Intent in relation to Investment with Shenzhen Squirrel Kuaipao Food Co., Ltd.*

On 2 December 2022, IBO Information and Shenzhen Squirrel Kuaipao Food Co., Ltd.* (深圳市松鼠快跑食品有限公司) ("**Squirrel Kuaipao Food**") entered into a letter of intent in relation to investment. IBO Information intends to invest in Squirrel Kuaipao Food. The letter of intent in relation to investment has been reached after full negotiation.

Squirrel Kuaipao Food is a company that focuses on the application of IoT technology to smart kitchens of smart homes. Its intelligent terminal and system platform serve C-end customers. The products and systems of Squirrel Kuaipao Food are advanced in technology, with stable growth in market operation and excellent development potential.

IBO Information has been engaged in applying IoT technology to B-side customers. This intention of investment is conducive to the expansion of IBO Information's intelligent terminal and system service business to C-side market, which is expected to expand the market segment of IBO Information's IoT business.

Further details are set out in the announcement of the Company dated 2 December 2022.

* *For identification purpose only*

Entering into Investment Agreement with Hangzhou Yixin Micro Technology Co., Ltd.*

On 20 March 2023, IBO Information entered into the investment agreement with the Original Yixin Shareholders (as defined in the announcement of the Company dated 20 March 2023) and Hangzhou Yixin Micro Technology Co., Ltd.* (杭州一芯微科技有限公司) ("**Hangzhou Yixin**"), pursuant to which IBO Information conditionally agreed to invest an amount in RMB which is equal to HK$40,000,000 (equivalent to RMB35,009,200) in Hangzhou Yixin in order to hold 5.00% of the share capital of Hangzhou Yixin upon the completion.

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, with the current economic environment recovery and the growth potential in the business sector of Hangzhou Yixin, representing an opportunity for the Company to diversify its hardware business through tapping into chips manufacturing business, particularly the "airflow sensing chips". The Directors consider that the terms and conditions of the investment agreement are fair and reasonable and on normal commercial terms and the subscription is in the interests of the Company and the Shareholders as a whole.

Pursuant to the investment agreement, the subscription is subject to the fulfilment (or waiver) of the conditions precedent as set out in the investment agreement by no later than 15 April 2023.

As IBO Information, the Original Yixin Shareholders and Hangzhou Yixin are currently in negotiation regarding a revised investment structure for the possible investment in Hangzhou Yixin, the investment agreement will not proceed to completion. The revised investment agreement, if materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

The Board is of the view that the lapse of the investment agreement will not have any material adverse impact on the business operation of the Group.

Further details are set out in the announcements of the Company dated 7 March 2023, 20 March 2023 and 19 April 2023.

* *For identification purpose only*

BUSINESS OUTLOOK AND STRATEGIES

Looking ahead to 2023, the economy of the PRC is expected to gradually return to a normal development path as the external uncertainties facing the PRC economy decline, coupled with the dissipation of the epidemic in the PRC, the resumption of work and production in various industries and the boosting of investment confidence. As the negative factors in the market recede, the Group will continue to operate under prudent commercial principles and expects its business to develop in a stable and positive direction.

Riding the wave of ITAI development to achieve application implementation at full speed

In recent years, global competition in technology has become increasingly fierce, and the demand for independent research and development of technology has gradually increased. In view of this development trend, the PRC has launched the "14th Five-Year Plan", which focuses on the domestic production of the ITAI industry and the realisation of independent research and development and autonomous control. With the relevant policies leading the way, the process of domestic substitution is accelerating and the application scenarios is diversified. The "2+8+N" will be fully implemented by 2023. Competition in the ITAI industry is expected to be intensified. As the industry matures and becomes more concentrated, the Group will adopt a prudent business development strategy, pay close attention to the latest market developments and integrate with its long-term development strategy to steadily develop IT infrastructure hardware services such as domestically-produced notebooks and mobile terminals.

5G applications are accelerating to empower thousands of industries

2023 is the final year of the "'Set Sail'Action Plan for 5G Applications (2021–2023)" (《5G應用「揚帆」行動計劃(2021–2023年)》), in which the PRC will fully realise a breakthrough in both the depth and breadth of 5G applications. Looking ahead, the scale of 5G applications in the PRC will continue to expand. By following the rules of 5G application development and fully unleashing the potential of PRC's enormous market, 5G will usher in an industry ecosystem with collaborative innovation, mutually beneficial and the empowerment of thousands of industries, providing comprehensive protection and strong support for "Digital China". Following the issuance of the Network Access Licence for Telecommunications Equipment issued by the Ministry of Industry and Information Technology of the PRC, which covers the 5G frequency band of the three major operators, namely China Mobile, China Telecom and China Unicom, the Group will leverage its first-mover advantage to develop its 5G products and 5G private network solutions business, such as pico base stations and DAS system products, with cautious optimism.

Investing in the development of the PRC chip manufacturing

The Group is committed to diversifying the development of its hardware business. With the gradual recovery of the economic environment, the Group announced on 29 May 2023 an investment of an amount in RMB which is equal to HK$40 million (equivalent to RMB36,035,600) in 5.00% of the share capital of Hangzhou Yixin, a company that integrates the research and development, production and sales of constant pressure and constant power airflow sensing chips. Hangzhou Yixin holds a number of patents on constant pressure and constant power airflow sensing chips. The Group is entitled to further invest in Hangzhou Yixin to hold 35% to 46% of its share capital and become its controlling shareholder in the future.

The "airflow sensing chip" is one of the main components of electronic atomisation equipment and is in enormous demand in the electronic atomisation equipment market. The global electronic atomisation equipment market has been growing rapidly in recent years as electronic atomisation equipment reduces the exposure of users to various toxic and carcinogenic substances produced by cigarette combustion, coupled with the electronic atomization equipment is popular among teenagers. According to Frost & Sullivan, the global special-purpose electronic atomisation equipment market reached US$1.08 billion in 2021 and is expected to reach US$7.76 billion by 2026, making it the fastest-growing segment of the global electronic atomisation equipment market. PRC's electronic atomisation equipment industry is one of the sectors that is bucking the trend of growth during the Pandemic, and the number of patent applications related to electronic atomisation equipment has continued to rise in recent years, reflecting the industry's favourable development towards high technology.

Looking ahead, the Group is optimistic about the future of the chip manufacturing market in the PRC and plans to increase its investment in the chip manufacturing market through further investment in Hangzhou Yixin. With the recovery of the current economic environment, the Group is keen to capitalise on the growth potential of Hangzhou Yixin in the relevant business areas and accelerate its exploration of the chip manufacturing sector, thereby broadening the source of revenue.

Actively identifying targets for partnerships and mergers and acquisitions

To support the Group's operations and development, and to explore new drivers for revenue growth, the Group will continue to identify suitable mergers and acquisitions targets that can provide strong synergies with its existing principal businesses. At the same time, the Group will strive to strengthen the synergy effect of its principal businesses, so as to promote the consolidation and improvement of the Group's business industry chain.

Business synergy creates unique strength

The Group will fully integrate its market resources and continue to make efforts in the areas of 5G (communication equipment and private network solutions), ITAI (terminal products and industry solutions) and IoT (products and solutions).

There are close connection and synergy among the three major business segments in the aspects of underlying technology, application technology, supply chain, project and business model. In addition, the new chip manufacturing business also complements the three major businesses to form a complete business model and industrial ecosystem. The strong synergy between the businesses will help optimise the Group's strengths and comprehensive technological capabilities, promoting the Group to grow its business scale on the one hand, and creating a unique core strength on the other, thereby providing one-stop industrial digital solutions to customers in different industries and seizing golden opportunities in the fast-growing market.

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Mr. Lai and Shine Well (the "**Covenantors**") in respect of the compliance with provisions of the deed of non-competition (the "**Deed of Non-competition**") entered into between the Covenantors and the Company as set out in the paragraph headed "NON-COMPETITION UNDERTAKING" in the section headed"RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS" of the prospectus of the Company dated 14 December 2017 during the Year. Each of the Covenantors has given confirmation and representation that, during the Year, he/it has strictly complied with the Deed of Non-competition without any breach thereof. All of the independent non-executive Directors have reviewed the matters in relation to the enforcement of the Deed of Non-competition, and each of them was of the view that the Covenantors have complied with the provisions of the Deed of Non-competition during the Year.

EVENTS AFTER THE REPORTING PERIOD

Placing of New Shares under the 2022 General Mandate and its Termination

On 7 March 2023, the Company and VC Brokerage Limited (as the placing agent) entered into the placing agreement, and on 16 March 2023 and 31 March 2023, the Company and the placing agent entered into an addendum to the placing agreement and a further addendum to the placing agreement respectively, pursuant to which the Company has agreed to appoint VC Brokerage Limited as the placing agent of the Company for the purpose of procuring, on a best effort basis, subscribers for the placing shares on the terms and subject to the conditions set out in the placing agreement. Up to 53,332,000 ordinary shares with placing price of HK$1.5 per placing share shall be offered by the placing agent to not less than six placees during the placing period. As at 7 March 2023 (the date of entering the placing agreement), the closing price of the Shares as quoted on the Stock Exchange was HK$1.5 per Share.

Assuming all the placing shares are successfully placed by the placing agent, the maximum gross proceeds from the placing will be HK$79,998,000. The maximum net proceeds of approximately HK$77,890,000 from the placing (after deducting the commission payable to the placing agent, professional fees and other related costs and expenses incurred in the placing) will be used as to (i) approximately 51.4% for the subscription of new shares in Hangzhou Yixin if the Possible Subscription (as defined in the announcement of the Company dated 7 March 2023) (i.e. the Subscription (as defined in the Company's announcement dated 20 March 2023) referred to the Company's announcement dated 20 March 2023) materialises; (ii) approximately 24.3% for repayment of outstanding liabilities; and (iii) approximately 24.3% for general working capital of the Group. In the event that the Possible Subscription does not materialise, the maximum net proceeds of approximately HK77.89 million from the placing will be used as to (i) approximately 50% for repayment of outstanding liabilities; and (ii) approximately 50% for general working capital of the Group.

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.

In view of the market conditions, on 19 April 2023, the Company entered into the termination agreement with the placing agent in respect of terminating the placing. The termination of the placing will not have any material adverse impact on the business operation of the Group.

Further details are set out in the announcements of the Company dated 7 March 2023, 16 March 2023, 31 March 2023 and 19 April 2023.

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, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$92,400,000 at the initial conversion price of HK$1.54 per conversion share (subject to adjustments). 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. The conditions precedent of the placing have been fulfilled or satisfied on 25 April 2023.

On 2 May 2023, convertible bonds in an aggregate principal amount of HK$53,592,000 have been successfully placed to the placees, all of whom and whose ultimate beneficial owners are independent third parties. Assuming the full conversion into conversion shares, based on the initial conversion price of HK$1.54 per conversion share, 34,800,000 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$348,000. The conversion shares will be allotted and issued under the 2022 General Mandate.

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. 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 28 March 2023, 3 April 2023 and 2 May 2023.

The breakdown of the intended use of the net proceeds from the placing is as follows:

(i). approximately 60% or approximately HK$31.1 million (equivalent to approximately RMB27,500,000) of the net proceeds from the placing will be used to supplement cash flow of the Group in the following manner:

	Approximate allocation	
	(HK$ million)	*(equivalent to RMB million)*
Purchase of inventories for the intelligent terminal products sales	24.9	22.0
Sales and services rendering related business expenses	6.2	5.5
Total	31.1	27.5

(ii). approximately 40% or approximately HK$20.8 million (equivalent to approximately RMB18,300,000) of the net proceeds from the placing shall be applied for general working capital of the Group including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.

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 to diversify its hardware business through tapping 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 announcement of the Company dated 29 May 2023.

Placing of up to 30,000,000 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, pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 30,000,000 ordinary shares to the placees at the placing price of HK$1.14 per Share. On 19 June 2023 (being the date of entering into of the placing agreement), the closing price per Share as quoted on the Stock Exchange was HK$1.14.

Assuming that all placing shares are fully placed, the gross proceeds and estimated net proceeds (after deducting the commission payable to the placing agent, professional fee and other related costs and expenses in relation to the placing) from the placing are approximately HK$34.2 million and approximately HK$33.45 million, respectively. The net placing price per Share, after deduction of the commission payable to the placing agent, professional fee and other related costs and expenses in relation to the placing, is approximately HK$1.115 per Share. The Company intends to use the net proceeds for the following purposes: (i) approximately 40% or approximately HK$13.38 million will be used for the Subscription (as defined in the announcement of the Company dated 29 May 2023); (ii) approximately 40% or approximately HK$13.38 million will be used to supplement cash flow of the Group in (a) purchase of inventories for the intelligent terminal products sales (approximately HK$10.7 million); and (b) sales and services rendering related business expenses (approximately HK$2.68 million); and (iii) approximately 20% or approximately HK$6.69 million shall be applied for general working capital of the Group including but not limited to staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.

Referring to the announcement of the Company dated 29 May 2023 for the Subscription, the placing will provide an opportunity to the Company to raise sufficient funds for the Subscription.

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 announcement of the Company dated 19 June 2023.

USE OF NET PROCEEDS

Use of Net Proceeds from the Subscription of 100,000,000 Subscription Shares by a Connected Person under Specific Mandate

On 17 February 2019, the Company entered into the subscription agreement with Shine Well, pursuant to which Shine Well has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 100,000,000 subscription shares at the subscription price of HK$1.5 per subscription share at a cash consideration of up to HK$150,000,000. The aggregate nominal value of the subscription shares is HK$1,000,000. The subscription shares will be allotted and issued pursuant to the specific mandate. The subscription shares, when issued and fully paid, will rank pari passu among themselves and with all existing Shares presently in issue and at the time of allotment and issue of the subscription shares. The subscription will be completed in two stages with 50,000,000 subscription shares in each of the First Stage Subscription and the Second Stage Subscription (as defined in the circular of the Company dated 25 April 2019). Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 15 February 2019, being the last trading day before the date on which the terms of issue are to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.6 per Share. The estimated net proceeds from the subscription will be up to approximately HK$149,000,000 (after deducting all relevant expenses), therefore the net subscription price per subscription share is approximately HK$1.49.

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

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

Pursuant to one of the conditions precedent to the First Stage Subscription of the subscription agreement, the respective total revenue of the Group as shown in the relevant audit report prepared by the auditor of the Company for each of the financial years ended 31 March 2019 and 31 March 2020 being not lower than RMB265,875,000 and RMB358,931,250 (the "**First Revenue Targets**"). The audited reports of the Group for each of the financial years ended 31 March 2019 and 31 March 2020 indicated that the First Revenue Targets had exceeded RMB265,875,000 and RMB358,931,250 respectively.

On 3 February 2021, as all of the conditions precedents to the First Stage Subscription have been fulfilled and Shine Well has completed the financial arrangement in relation to the First Stage Subscription, 50,000,000 subscription shares with aggregate nominal value of HK$500,000 were allotted and issued to Shine Well at a subscription price of HK$1.5 per subscription share under the specific mandate, and the First Stage Subscription was completed with total proceeds amounting to HK$75,000,000. The net proceeds from the First Stage Subscription (after deducting all related expenses) were approximately HK$74,500,000 (equivalent to approximately RMB62,200,000), and the net issue price per subscription share after deduction of related expenses was approximately HK$1.49.

Pursuant to one of the conditions precedent to the Second Stage Subscription of the subscription agreement, the respective total revenue of the Group as shown in the relevant audit reports prepared by the auditor of the Company for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 shall not be lower than RMB265,875,000, RMB358,931,250 and RMB484,557,190 (the "**Second Revenue Targets**"). The Second Revenue Targets of the Group as shown in the audited reports for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 exceeded RMB265,875,000, RMB358,931,250 and RMB484,557,190 respectively. As all the conditions precedent to the Second Stage Subscription have been fulfilled and Shine Well has completed the financial arrangements in relation to the Second Stage Subscription, on 18 February 2022 and 29 April 2022, the Company allotted and issued 10,000,000 and 40,000,000 subscription shares with an aggregate nominal value of HK$100,000 and HK$400,000 to Shine Well respectively at the subscription price of HK$1.5 per subscription share under the specific mandate, and completed the Second Stage Subscription with total proceeds of HK$15,000,000 and HK$60,000,000 respectively. The net proceeds from the Second Stage Subscription (after deducting all relevant expenses) amounted to approximately HK$74,500,000 (equivalent to approximately RMB62,400,000), and the net issue price per subscription share (after deducting all relevant expenses) was approximately HK$1.49.

Further details are set out in the announcements of the Company dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020, 3 February 2021, 29 September 2021, 30 December 2021, 31 January 2022, 21 February 2022, 31 March 2022 and 29 April 2022 and the circular of the Company dated 25 April 2019.

As of 31 March 2023, the Group has used the entire amount of the net proceed of approximately RMB124.60 million, and the net proceeds have been used in the manner as set out in the circular of the Company dated 25 April 2019 (i.e. for the I4 Project, the FSM Project, the MS Project and other projects as stated in the circular), as well as for additional working capital and other general corporate purposes such as staff costs, auditor's remuneration and rental expenses, etc. Set out below is the summary of use of the net proceeds:

	Original allocation of net proceeds from subscription of 100,000,000 subscription shares		**Actually utilised amount as of 31 March 2023**	**Unutilised amount as of 31 March 2023**
	(Note 1)			
	%	*RMB million*	*RMB million*	*RMB million*
I4 Project and ITAI products	77.8	97.0	97.0 *(Note 2)*	–
Additional working capital and other general corporate purposes	14.8	18.4	18.4	–
FSM Project	3.4	4.2	4.2	–
Other projects, including but not limited to the MS Project	4.0	5.0	5.0	–
	100.0	124.6	124.6	–

Notes:

1. The actual amount is less than that in the section headed "(I) THE SUBSCRIPTION — Use of Proceeds" in the letter from the Board in the circular of the Company dated 25 April 2019. This is due to the fluctuation of the exchange rate. The original allocation of the net proceeds was adjusted in the proportion set out in the circular of the Company dated 25 April 2019.

2. As stated in the circular of the Company dated 25 April 2019, the net proceeds from the First Stage Subscription and Second Stage Subscription should have been used up as at 31 March 2021 and 31 March 2022 respectively. However, as (i) the completion of the First Stage Subscription was extended from a date falling on or before 30 September 2020 (as originally scheduled) to 3 February 2021; and (ii) the completion date of the Second Stage Subscription has been postponed from the original date of 30 September 2021 to 29 April 2022, thus the progress of the use of proceeds was affected. I4 Project are primarily engaged in foreign trading business, and as the relationship between the United States and the PRC was unstable, the Group would like to shift its focus to the PRC market, and therefore invested part of the net proceeds in ITAI products similar to the I4 Project to develop the PRC market. Details are set out in the announcements of the Company dated 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee of the Board (the "**Audit Committee**") consists of three independent non-executive Directors, namely Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming. The Company's audited consolidated financial statements and annual results for the Year have been reviewed by the Audit Committee, the members of which have met the auditors of the Company, KTC Partners CPA Limited, for the review of the Group's results for the Year.

The Audit Committee has reviewed the Company's audited consolidated financial statements for the Year and the accounting principles and practices adopted by the Group, and has discussed auditing, risk management, internal controls and financial reporting matters for the Year with the management of the Group.

SCOPE OF WORK ON PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, KTC Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year.

The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on the preliminary announcement.

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 to the Listing Rules for the Year. 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 Year.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING

To determine the eligibility of the Shareholders to attend the annual general meeting of the Company to be held on 20 September 2023, the register of members will be closed from 15 September 2023 to 20 September 2023, both days inclusive, during which no transfer of Shares will be effected. In order to be entitled to attend and vote at the annual general meeting of the Company, all transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 14 September 2023.

DIVIDEND

The Board did not recommend the payment of any final dividend for the Year (2022: nil).

2023 ANNUAL GENERAL MEETING

It is proposed that the 2023 annual general meeting of the Company (the "**2023 Annual General Meeting**") will be held on 20 September 2023. A notice convening the 2023 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be despatched to the Shareholders accordingly.

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 annual report of the Company for the Year 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
"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
"2018 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
"2021 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 30 September 2021 to allot and issue up to 110,104,628 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution

"2022 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 20 September 2022 to allot and issue up to 128,063,754 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hunan Yingding"	Hunan Yingding Network Co., Ltd.* (湖南盈鼎網絡有限公司), a company established in the PRC with limited liability
"IBO Communication"	Shenzhen IBO Communication Company Limited* (深圳市艾伯通信有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"IBO Electronics"	IBO Shenzhen Electronics Limited* (深圳市艾伯電子有限公司), 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 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
"IoT"	Internet of Things
"JV Investment Agreement"	the joint venture investment agreement dated 30 September 2022 entered into among Fuchuang Development, IBO Holdings and IBO IT Application Innovation, in relation to the arrangements for the establishment of the Project 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
"Mr. Lai"	Mr. Lai Tse Ming, chairman of the Board, an executive Director and single largest substantial Shareholder
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region
"Project Company"	Mianyang IBO Intelligence Company Limited* (綿陽艾伯智能有限公司), the project company incorporated in Fucheng District with independent legal entity pursuant to the terms of the investment agreements, which is jointly owned by IBO Holdings, IBO IT Application Innovation and Mianyang Zhigu Enterprise Incubation Management Co., Ltd.* (綿陽智谷企業孵化管理有限公司) as to 7%, 63% and 30%, respectively
"RMB"	Renminbi, the lawful currency of the PRC
"SDXC Shenzhen"	SDXC Top Technology (Shenzhen) Corporation Limited* (深圳市時代信創新技術有限公司), a company established in the PRC with limited liability
"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

* *For identification purpose only*

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

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

Hong Kong, 30 June 2023

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, Mr. Liang Jun and Mr. Li Yang; and the independent non-executive Directors are Dr. He Tianxiang, Dr. Wong Kwok Yan, Mr. Hung Muk Ming and Mr. Liu Ping.

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