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

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2708

ANNUAL REPORT 年報

2021 / 2022

CORPORATE PHILOSOPHY
公司理念

By upholding the corporate tenet of

Intelligent Security & Integrative Focus

The Company provides its customer base with intelligent, reliable and innovative products alongside premier and precise technical services. With the Pearl River Delta region as its core, the Company extend its business network across the country. The Company continue to explore infinity, advance forward, and strive for innovation. In the future, by persisting in its brand and philosophy that "your city is more secure with IBO", the Company is committed to introducing to its new and existing customers a growing number of innovative technologies and premier products and services.

公司秉承

智能安全
專注一體化

的企業宗旨，為廣大客戶提供智能、可靠、創新的產品及優質嚴謹的技術服務。公司業務以珠三角為核心，覆蓋至全國各地。開拓進取，銳意創新。未來，公司將繼續秉持「艾伯，讓城市更安全」的品牌理念，竭誠為新老客戶提供源源不斷的創新技術及優質的產品與服務。

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Dr. He Tianxiang
Dr. Wong Kwok Yan
Mr. Hung Muk Ming
Mr. Liu Ping (appointed on 14 July 2021)

BOARD OF COMMITTEES

Audit Committee

Mr. Hung Muk Ming *(Chairman)*
Dr. He Tianxiang
Dr. Wong Kwok Yan

Remuneration Committee

Dr. Wong Kwok Yan *(Chairman)*
Mr. Gao Weilong
Dr. He Tianxiang

Nomination Committee

Mr. Lai Tse Ming *(Chairman)*
Dr. Wong Kwok Yan
Mr. Hung Muk Ming

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr. Lai Tse Ming
Mr. Yu Kin Keung

PRINCIPAL BANKS

China Construction Bank Corporation
Industrial Bank Co., Ltd.
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited

AUDITORS

KTC Partners CPA Limited
Room 617
Seapower Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui East
Kowloon
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

4/F, Block C, Unis Inforport
Langshan Rd 13
Hi-Tech Industrial Park (North) Nanshan
Shenzhen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

COMPANY WEBSITE

www.ibotech.hk

STOCK CODE

2708

CONTACT INFORMATION

Address	23/F, Sunshine Plaza 353 Lockhart Road Wanchai Hong Kong
Tel	(852) 2308 1266
Fax	(852) 2789 4532

ABOUT IBO

Established in April 2000, the Group is a listed high and new technology enterprise as well as a leading provider of industrial digitalisation solution and service in the PRC. The Shares have been listed on the Main Board of the Stock Exchange since December 2017 (Stock code: 2708.HK).

LEADING PROVIDER OF INDUSTRIAL DIGITALISATION SOLUTION AND SERVICE IN THE PRC

As one of the pioneers engaging in IoT technology research and development and application in the PRC, the Group has been focusing on the IoT industry for more than 20 years and providing IoT intelligent terminal products, solutions and services to customers from numerous industries.

In recent years, the Group has followed the national policies and fulfilled its social responsibilities as a technology enterprise. The Group has invested a lot of resources in the research and development and application of 5G communication and Information Technology Application Innovation ("**ITAI**") and achieved significant breakthroughs.

5G COMMUNICATION

The Group has set up a professional subsidiary in the 5G communication segment to deepen the development of the 5G market. While providing telecommunication operators with 5G network equipment (pico base stations and indoor distribution systems) products, the Group also provides industry 5G private network solutions for customers in various vertical industries (including steel, education, medical care, security, etc.). To date, IBO Communication's products have successfully obtained the network access qualification of the PRC's mainstream operators and participated in the centralised procurement of operators.

ITAI ELECTRONIC TERMINAL

The Group has set up a professional subsidiary in the ITAI segment. Focusing on the three core chip platforms of domestic ITAI and ITAI software, the Group has successfully developed a series of leading ITAI electronic terminal products in the PRC, including ultra-thin ITAI notebook computers, ITAI tablet computers, ITAI high-integration desktop computers and ITAI servers, which not only leads the market segment in terms of design and equipment performance, but also meets the system requirements of more than graded protection 3.0 in terms of communication data security. The Group has become one of the important enterprises in the ITAI market to make up for the shortcomings of high-end terminal products.

INDUSTRIAL DIGITALISATION SOLUTIONS

The Group is an established provider of IoT integrated solutions in the PRC with extensive experience in IoT products, technologies and industry solutions. On this basis, combining with the technologies and products of the Group, such as ITAI electronic terminals and 5G communication network equipment, the Group has developed into a high and new technology enterprise group that integrates the design, research and development, manufacturing and sales of ITAI electronic terminals, 5G communication equipment and smart IoT products, and provides one-stop industrial digitalisation solutions and services, providing high-quality products, solutions and services for the new infrastructure construction and digitalisation transformation of government authorities, finance, power, energy, telecommunications, education, transportation, healthcare, industrial Internet and other industries across the country.

PROMOTING THE IN-DEPTH INTEGRATION OF TECHNOLOGY AND INDUSTRY TO SUPPORT THE HIGH-QUALITY DEVELOPMENT OF DIGITAL ECONOMY

In future, the Group will continue to insist on the corporate philosophy of "Open-mind, Cooperation, Innovation and Refinement" to tightly embrace the direction and development plan of the national policies to seize the development opportunities presented by the digital economy era. The Group will continue to increase input in research and development and extend the depth and breadth of the application of "5G + ITAI + IoT" technology, horizontally integrate advanced technologies such as cloud computing, artificial intelligence, big data, blockchain and edge computing, deepen and expand the fields of industrial IoT and industrial digitalisation, jointly build an industrial digitalisation ecosystem, make good efforts as the participants and builders of digital economy development, promote the deep integration of technology and industry, help to strengthen and optimise the PRC's digital economy, and better promote the high-quality development of the PRC's economy and society.

HISTORICAL DEVELOPMENT

2021
Digitalisation solutions based on ITAI 5G+IOT industry

2020
Industrial digitalisation application in various 5G+IOT industries

2019
Significant breakthrough in self-developed 5G small base stations

2018
Being awarded the First Degree Certificate of Security and Protection Engineering Enterprise in Design, Construction and Maintenance Ability; and establishing "IoT Joint Research and Development Centre" in cooperation with Wuhan University

2017
Listing on the Main Board of the Stock Exchange

2016
Taking on the large-scaled intelligent traffic construction project in Xinjiang and establishing a branch in Xinjiang

2014
Taking on the first RFID gas cylinder intelligent electronic supervision system project

2013
Being awarded the "China RFID Leading Enterprise Award"

2010
Being awarded the National High and New Technology Enterprise Certificate; and being named as "Top 100 Shenzhen Software Enterprises"

2008
Taking on the national gold card engineering RFID application pilot project, "Vehicle Intelligent Surveillance System"

2006
Being awarded the "Computer Information System Integration Qualification Certificate (Grade II)"

2003
Being awarded the High and New Technology Enterprise Certificate of Shenzhen; and being accredited with the ISO 9001:2000 Quality Management System Certification

2002
Taking on the petrol filling IC card system construction project in Guangdong province

2000
Establishing IBO Information to commence its operations in Internet business

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to announce the consolidated results of the Group for the year ended 31 March 2022 (the "**Year**").

As a national high-tech enterprise specialising in the design, research and development and provision of ITAI electronic terminals, 5G communication network, artificial intelligence IoT products and industrial digital solutions, the Group is heading into the new journey of business development during the Year backed by the support from favourable national policies. During the Year, with the efforts of all of our staff members, the Group has achieved rapid growth and turnaround of profit as a result of the economic recovery and expansion of customer base. The Group's revenue for the Year was approximately RMB1,046.30 million, representing a significant increase of 86.7% as compared to approximately RMB560.33 million in 2021; profit attributable to owners of the Company was approximately RMB14.66 million, as compared to a loss attributable to owners of the Company of approximately RMB42.10 million in 2021.

In terms of the revenue by business segment, the Group achieved significant breakthroughs during the Year in the intelligent terminal products sales and software development businesses. During the Year, the Group focused on the development, production and sales of customised IoT intelligent terminal products for its customers, including high-quality domestically-produced ITAI products, such as notebook computers, tablet computers, all-in-one computers, desktop computers, and industrial gateway servers. Driven by the favourable national policies of the ITAI industry and the gradual delivery of orders for ITAI products signed earlier by the Group, revenue from intelligent terminal products sales business increased significantly by approximately 121.7% year-on-year to approximately RMB891.37 million. In addition, the Group's software development business continued to expand and its customer base has widened, recording a revenue of approximately RMB104.23 million, representing a significant increase of approximately 129.1% year-on-year.

In recent years, benefiting from the "2 (party and government) + 8 (eight major industries such as finance and telecommunications) development system" and the "Notice on 14th Five-Year Plan for the Development of Software and Information Technology Service Industry", coupled with the efforts of the central and local governments targeting the development of "digital economy" and building "Digital China", the procurement of domestically-produced equipment, software and hardware has been increasing at all levels and in all fields, and the application ratio of domestically-produced ITAI products in major sectors such as finance, telecommunications and energy industries is expected to increase significantly, thus increasing the demand of hardware and software equipped with domestic technologies, and accelerating the development of domestically-produced technology products. Governments at all levels are vigorously promoting the development of the ITAI industry, which not only promotes the rooting of the ITAI industry in various fields, but also drives the transformation of traditional IT industry. With the rising tide of domestic products substitution, the Group believes that the ITAI industry will witness a period of rapid development in the next three to five years, and the Group will benefit from the increasing market gap and its market share is expected to increase.

In regards to the ITAI business, the Group continues to develop, produce and sell customised IoT intelligent terminals to its customers, including high-quality domestically-produced ITAI products, so as to capture market share in the PRC market at full speed based on market orientation, technology researches and innovation. Leveraging on its rich experience in independent research and development and the use of domestically-produced components, the Group's ITAI business has benefited greatly from the wave of domestic production substitution, with the number and total amount of orders increasing and is expected to become the largest revenue contributor of the Group. During the Year, the Group entered into a sales and purchase contract with Guangxi Hongyingda Electronics Technology Co., Ltd.* (廣西鴻盈達電子科技有限公司) ("**Guangxi Hongyingda Electronics**"), under which Guangxi Hongyingda Electronics has purchased a total of over 10,000 units of domestically-produced GK140 notebook computers, 24-inch all-in-one computers and M1 mini-host computers. Moreover, the Group has also entered into an ODM (Original Design Manufacturing) agreement with Shenzhen Aerospace Innotech Corporation Limited (深圳市航天華拓科技有限公司) ("**Aerospace Innotech**") , where both parties will cooperate closely in product development and certification, as well as product ordering and production delivery, so as to jointly produce and sell 200,000 units of domestically-produced notebook computers. The Group's active cooperation with its business partners is expected to bring substantial revenue to the Group and help support the rapid development of the Group's ITAI business.

* *For identification purpose only*

In terms of 5G industry, the National Development and Reform Commission of the PRC has indicated that it will increase its efforts in the new infrastructure such as 5G, data centre and industrial Internet. With the benefit of favourable policies such as "5G Applications "Set Sail" Project (2021–2023)" and "Notice on Promoting 5G Accelerated Development", PRC's 5G market has a huge room for development and is welcoming a golden development period. Since the commercialisation of 5G in 2019, with the landing of a number of 5G macro base stations, large scale coverage of outdoor 5G signal is realised. In 2022, indoor coverage equipment will enter the large-scale procurement plan of telecommunication operators, and the demand for communication networking services such as 5G pico base stations, femto base stations, 5G DAS systems and 5G private networks will increase significantly.

Leveraging on its strengths and comprehensive technical capabilities, the Group has been able to capture the booming opportunities in the 5G market and maintain a rapid pace of development. In early 2021, the Group was granted a telecommunications equipment network access license issued by the Ministry of Industry and Information Technology of the PRC ("**MIIT**"), which covers the 5G frequency bands operated by the three major operators, namely China Mobile, China Telecom and China Unicom, making the Group as one of the few companies possessing 5G pico base station network access license. In addition, the Group's 5G pico base station products do not need to be tested and can be directly procured and applied in 22 provincial operator markets in the PRC, which greatly shortens the business process. Moreover, as the Group's pico base station, femto base station and DAS systems are domestically produced, it is more competitive than its peers in competing for orders from the government and state-owned enterprises. During the Year, the Group established a strategic partnership with Shenzhen Alba Culture and Sports Development Company Limited ("**Alba Culture and Sports Development**"), which operates and manages individually and jointly over 6,600 e-sports stadiums and over 2,000 e-sports hotels across the country, thus realise the application of 5G technology in commercial scenarios such as pan-entertainment and e-sports sector. Furthermore, the Group has entered into a 5G technology application cooperation contract with Alba Culture and Sports Development for their cooperation on the application of 5G technology in regard of the e-sports stadiums of a well-known e-sports brand, thus deepened the cooperation once again.

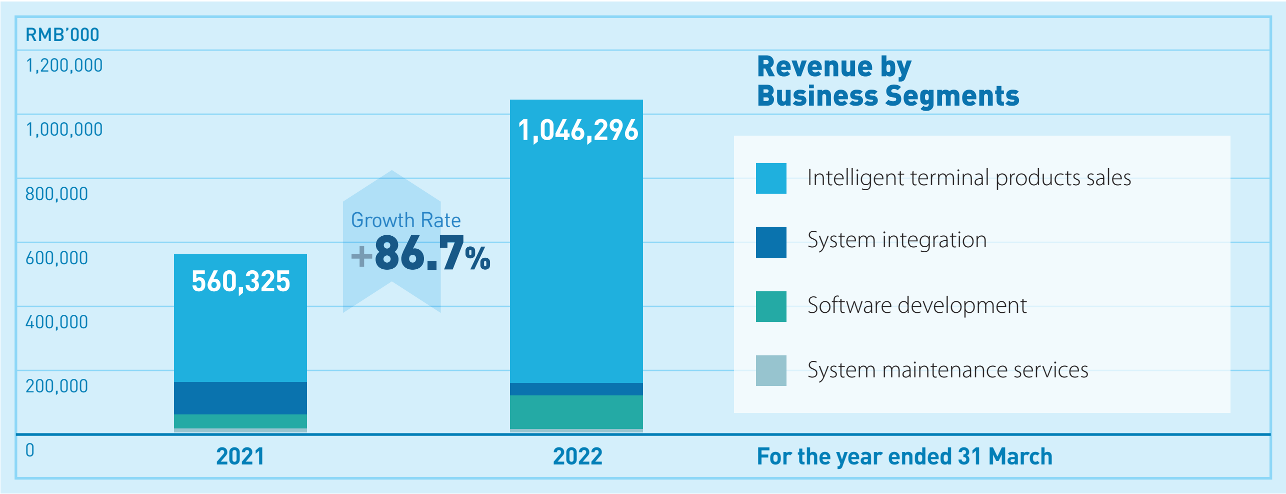
The Group firmly believes that technological innovation is essential for the Group's development, and the three business sectors, namely the 5G, ITAI and IoT businesses will be closely linked to create synergy in terms of underlying technology, application technology, supply chain, projects and business models. The Group will vigorously promote the development of the ITAI business and product research and development, and increase the marketing and promotion efforts in order to gain more market share, whereas the purely domestic ITAI products produced by the Group are expected to become a growth point for the Group's future performance. Looking ahead, the Group will strive to seize the golden market opportunities, promote the rapid expansion of business scale through multiple channels, and continue to pursue breakthroughs as well as research and develop, and launch more innovative and high-quality products and services, in order to create more brilliant results and generate better returns for investors and Shareholders in the long run.

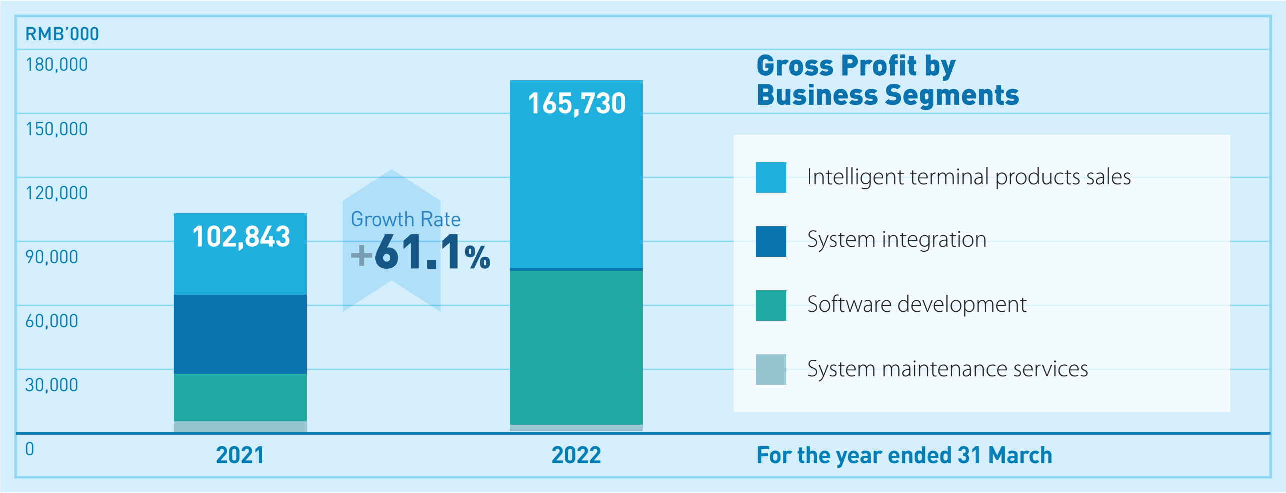
Finally, on behalf of the Board, I would like to express my sincere gratitude to the Shareholders for their support over the years, and I would like to thank all of our staff for their contribution. I would also like to express my sincere gratitude to our customers, partners, Shareholders and Directors for the trust and support they have given to the Group over the years.

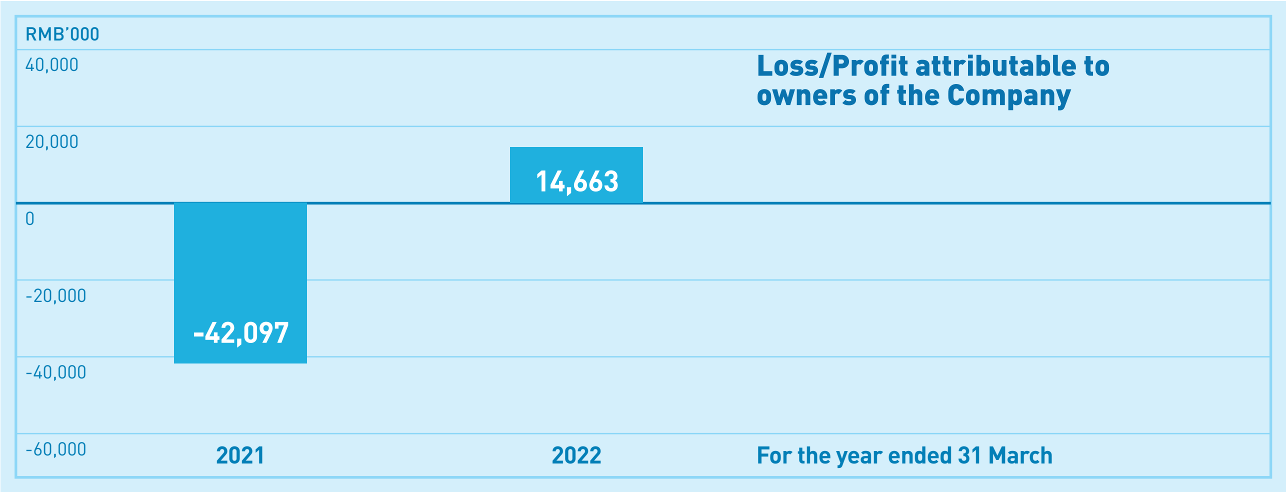
Mr. Lai Tse Ming
Chairman & Executive Director

Hong Kong, 30 June 2022

FINANCIAL HIGHLIGHTS







Introduction

The Group is a national high-tech enterprise that designs, researches and develops and provides customers with electronic terminals, 5G communication network and artificial intelligence IoT products, as well as industrial digital solutions. The Group's three main businesses are 5G (communication equipment and private network solutions), ITAI IT (terminal products and industry solutions) and IoT (products and solutions), and is committed to providing quality one-stop products and solutions for 5G, ITAI and IoT.

In terms of ITAI IT products, the Group is committed to providing high-quality localised IT products, mainly including notebooks, tablets, all-in-one PCs, desktop PCs, and industrial gateway servers. For 5G indoor coverage products, the Group has developed its own developed 5G pico base station products with full proprietary intellectual property rights. In addition, the Group has excellent IoT product technology. As the era of big data and artificial intelligence technology arrives, the Group combines its proprietary IoT technology with ITAI electronic product technology and 5G communication network technology, aiming to provide one-stop solutions for enterprise customers for their industrial digitalisation.

MARKET REVIEW

Domestic Product Substitution Accelerates as ITAI Industry Gradually Upgrades

From the "13th Five-Year Plan" to the "14th Five-Year Plan", the central and local governments have been developing the "digital economy" and building "Digital China" as their important objectives, clarifying the "Digital China" construction strategy and seizing the high ground of the digital economy industry chain. According to the data from iiMedia Research, the PRC's ITAI industry is worth RMB1,375.88 billion in 2021 and is expected to reach RMB3,701.13 billion in 2027, showing enormous development potential of the PRC's ITAI market.

The central government is strongly promoting the development of the ITAI industry, facilitating the development of various fields within the industry and driving the transformation of the traditional IT information industry. The central government has incorporated the ITAI industry into the national development strategy, proposed a "2 (party and government) + 8 (eight major industries such as finance and telecommunications) development system", and started to accelerate the construction of a talent training system for domestic software, strengthened the main innovative position of enterprises, and promoted the accelerating implementation of proprietary innovative products in science and technology. In September 2020, the National Development and Reform Commission of the PRC, the Ministry of Science and Technology of the PRC, and the MIIT jointly issued the "Guiding Opinions on Expanding Investment in Strategic Emerging Industries and Cultivating and Strengthening New Growth Points and Growth Poles" (《關於擴大戰略性新興產業投資、培育壯大新增長點增長極的指導意見》), which called for accelerating the development of key core technologies, enthusiastically promoting the construction of key projects and programs, and actively expanding reasonable and effective investment. The MIIT has also issued the "Notice on 14th Five-Year Plan for the Development of Software and Information Technology Service Industry" (《「十四五」軟件和信息技術服務業發展規劃的通知》) in November 2021, proposing to strengthen the ITAI system, as well as to promote technological innovation and product iteration by conducting tests on ITAI products.

With the rapid growth of the PRC's ITAI industry and its penetration into various fields, key core technologies have been researched and developed domestically to realise substitution of the original innovations. The central and local governments have made great efforts to promote the ITAI procurement, and are determined to increase the proportion of ITAI products applications, which have begun to enter key industry markets such as finance, telecommunications, energy and other industries. The enlarged scale of procurement for domestically-produced equipment as well as software and hardware by all levels and in all fields reflects that domestic substitution has entered a substantive stage.

MARKET REVIEW (Continued)

5G Network Construction in Full Swing, Accelerating Transformation of Industry Digitalisation

Industry digitalisation is an inevitable product of the large-scale development and application of Internet technology, as well as a major trend in the future development of the world economy. During the prevention and control of the COVID-19 pandemic, the integration of the digital economy and traditional industries accelerated, and the transformation of various industries to digitalisation and intelligence accelerated. As a general strategy for the development of national information technology in the new era, the central government will construct "Digital China" to accelerate the optimisation and upgrade of information infrastructure, and fully leverage on the vitality of data elements. "The 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China" (《中華人民共和國國民經濟和社會發展第十四個五年規劃》) emphasises the need to accelerate the promotion of digital industrialisation, cultivate and strengthen emerging digital industries such as artificial intelligence, big data, block chain, cloud computing and network security, enhance the industrial standards of communication equipment, core electronic components, key software, etc., build 5G-based application scenarios and industrial ecologies, and launch pilot demonstration projects in key areas such as intelligent transportation, intelligent logistics, intelligent energy and intelligent medical care.

Upgrades in quality and efficiency of the "Digital China" construction have been accelerated, and the PRC is leading the world in terms of the scale of information infrastructure construction. At present, PRC's 5G network construction is in full swing, and has built the world's largest 5G network. The information infrastructure continues to improve, where the speed and scale of its 5G network construction rank first in the world. In July 2021, the "5G Application "Set Sail" Project (2021–2023)" (《5G應用「揚帆」行動計劃(2021–2023年）》) was launched, focusing on promoting the application of 5G in 15 industries, including industrial Internet, finance, education and healthcare. This Year, in order to effectively promote relevant policies and accelerate the large-scale application of 5G, specific policies are issued across the country to reflect the central government's attention to the development and planning of the 5G industry, as well as its determination to accelerate the process of the transformation of digitalisation of key industries. The "Report on the Work of the Government" published in March 2022 also pointed out that the focus is on the enhancement of the overall layout of the construction of "Digital China", the construction of digital information infrastructure, and the gradual construction of a nationwide integrated big data centre system to promote the large-scale application of 5G, as well as to encourage the transformation of the industry digitalisation.

Benefiting from the favourable policies, PRC's 5G network, users and applications are growing rapidly, and the 5G industry is maturing at a fast pace. According to data from the China Academy of Information and Communications Technology, by the end of 2021, PRC had built more than 1.42 million 5G base stations, covering all prefecture-level cities and 98% of the counties in the PRC, with the 5G base stations numbered at 10.1 per 10,000 people, and 600,000 new 5G base stations are expected to be built in the PRC in 2022.

As the PRC's ITAI and 5G industries entered the phase of rapid development, benefiting from the strong market demand, the Group takes advantage of the favourable policies and has achieved rapid business growth under the synergy effect enjoyed by its main business. During the Year, the Group has made use of its experience and technological advantages accumulated over the past two decades to accelerate the development of its IT infrastructure hardware business, such as domestically-produced notebook computers and mobile terminals. The Group focused on power, finance, telecommunications, education and other pioneering sectors where the ITAI products and projects are applied, while stepping up the marketing efforts to continue to expand the sales market of the Group's 5G and ITAI product series, and have achieved good development results.

MARKET REVIEW (Continued)

5G Network Construction in Full Swing, Accelerating Transformation of Industry Digitalisation (Continued)

Starting from the second half of 2021, major telecommunication operators in the PRC have accelerated the procurement of 5G small base station products, and the Group has actively participated and achieved positive results. The Group's small base station products have successfully passed the technical tests for extended small base station products of China Mobile and China Telecom, and are qualified to participate in the subsequent centralised procurement tender projects. The Group has successfully won the tender for 2022-2023 5G Mobile Network MIMO System Procurement Project of China Mobile Communications Group Shaanxi Co., Ltd.*, as well as the tender of 5G Private Network Equipment Procurement Project of China Telecom Changzhou Branch*, and is now participating in the 2022-2023 Extended Pico Base Station Equipment Centralised Procurement Project of China Mobile. With the telecommunication operators increasing the procurement and deployment of 5G small base station products and the rapid expansion and popularity of 5G applications in different industries, the market demand for the Group's small base station series products is growing rapidly, and the market is further expanding.

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			
	2022		2021	
	RMB'000	%	RMB'000	%
Intelligent terminal products sales	**891,369**	**85.2**	402,004	71.7
System integration	**39,819**	**3.8**	100,999	18.0
Software development	**104,232**	**10.0**	45,492	8.2
System maintenance services	**10,876**	**1.0**	11,830	2.1
Total	**1,046,296**	**100.0**	560,325	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. The Group benefited from the recovery of economic activities during the Year, and the revenue from intelligent terminal products sales business increased significantly by approximately 121.7% to approximately RMB891.37 million (2021: approximately RMB402 million), accounting for 85.2% of the Group's total revenue.

The Group's major customers during the Year included: (i) a technology company in Beijing mainly engaged in IoT business, to which the Group sold electronic products such as Bluetooth dual-band handheld readers, identification software, intelligent park monitoring and analysis system, etc.; (ii) an integrated supply chain management company in Shenzhen, to which the Group sold integrated circuits; (iii) a company in Hong Kong providing integrated supply chain services, to which the Group sold memory chips; (iv) a technology company in Shenzhen, to which the Group sold memory banks; and (v) a lithium-ion polymer electromagnetic research, development and production company in Guizhou, to which the Group sold lithium batteries.

* *For identification purpose only*

BUSINESS REVIEW (Continued)

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. In view of the revenue of the system integration business is derived from one-off projects with fluctuating revenue as compared to other segments, the Group's system integration business has been shrinking during the Year, with revenue of approximately RMB39.82 million (2021: approximately RMB101 million), representing a year-on-year decrease of approximately 60.6% and accounting for 3.8% of the Group's total revenue.

The Group's major customer during the Year included a technology company in Shenzhen, and the projects included services such as sales of computer auxiliary products and software platforms. Its sales of computer auxiliary products aim at matching system integration projects in smart parks, including building management, asset management, visitor management, project management, office collaboration, energy consumption management, surveillance management, security management, common practices, command and control, software and hardware visual integration, etc.

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. In addition to maintaining long-term and strategic relationships with existing customers, the Group also actively explores new customers to expand its customer base and drive sales. As a result of the continued expansion of its software development business and the expansion of its customer base, the Group recorded a revenue of approximately RMB104.23 million during the Year (2021: RMB45.49 million), representing a significant year-on-year increase of approximately 129.1% and accounting for 10.0% of the Group's total revenue.

The Group's major customers during the Year included (i) a Beijing-based intellectual technology company, to which the Group developed customised marketing platform functional modules, including marketing lead search, marketing lead management, marketing lead reach, and my compass and dynamic alerts; (ii) a Beijing-based technology company, to which the Group developed the demand analysis, design, coding, testing and delivery of the "IoT RFID Product Inspection And Testing System"; and (iii) a Guangzhou-based digital technology company, to which the Group researched and developed the "Operation and Maintenance Guarantee System Development Project", including asset management system, equipment management system, integrated operation management platform, IoT control platform, and visual operation management platform.

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 decreased slightly to approximately RMB10.88 million during the Year (2021: approximately RMB11.83 million), representing a year-on-year decrease of approximately 8.0% and accounting for 1.0% 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, general ticketing 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

During the Year, the Group's revenue increased by 86.7% to approximately RMB1,046.30 million (2021: approximately RMB560.33 million), mainly due to the recovery in economic activities and the expansion of customer base, resulting in the significant growth in revenue from the Group's intelligent terminal products sales business and software development business, which recorded a year-on-year increase of approximately 121.7% and approximately 129.1% respectively.

Gross profit and gross profit margin

During the Year, the Group's gross profit increased by 53.9% to approximately RMB178.60 million (2021: approximately RMB116.02 million), mainly due to the recovery of economic activities, expansion of customer source, and the significant increase in the Group's intelligent terminal products sales business and software development business, with a year-on-year increase of 121.7% and 129.1% respectively. Gross profit margin decreased year-on-year by 3.6 percentage points to 17.1% (2021: 20.7%), mainly due to the increase in the revenue from the intelligent terminal products sales business, which has a relatively low gross profit margin, from 71.7% of the Group's total revenue in 2021 to 85.2% for the Year.

Other income

The Group's other income for the Year mainly included (i) interest income from bank deposits; (ii) rental income; (iii) government grants; and (iv) others. Other income increased by 30.8% to approximately RMB6.32 million for the Year (2021: approximately RMB4.83 million), which was mainly due to the increase in interest income from bank deposits for the Year.

Other gains, net

The Group's other gains, net amounted to approximately RMB3.66 million for the Year (2021: other losses, net of approximately RMB33.99 million). Such change was mainly due to the gains from change in fair value on derivative component of convertible bonds for the Year while losses from change in fair value on derivative component of convertible bonds was recorded in 2021.

Share of results of an associate

The Group recorded share of profit of an associate during the Year because Shenzhen Tongtianhui Technology Company Limited* (深圳市童天慧科技有限公司) ("**Tongtianhui**") with 96.7742% of its issued share capital held by Good Cheer Ventures Limited, in which the Group holds 15% of its issued share capital, completed the settlement of taxation on 24 August 2021 and formally completed the deregistration on 21 October 2021, and Tongtianhui recorded net liabilities upon deregistration. Against the backdrop of the impact of the COVID-19 pandemic, in order to continue to regulate out-of-school training and effectively reduce the excessive burden of homework and out-of-school training on students at the compulsory education stage, the central government has issued "Opinions on Further Reducing the Burden of Homework and Out-of-School Training on Students at the Compulsory Education Stage" (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》). The domestic education and training industry is facing increasingly stringent regulation, and small educational institutions are facing tough challenges. After careful consideration, the Group and the management of Tongtianhui considered that the business of Tongtianhui, which was mainly engaged in serving small educational institutions, involved certain risks and uncertainties and had poor development potential, and therefore decided to discontinue its business operations and to de-register the company. Further details of Tongtianhui are set out in the announcements of the Company dated 5 March 2019, 17 April 2019 and 25 September 2019.

The Group's share of results of an associate recorded during the Year did not result from the significant investment mentioned in the paragraph headed "Significant investment" below in this section.

* *For identification purpose only*

FINANCIAL REVIEW (Continued)

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 trade receivables, other receivables and contract assets. During the Year, the impairment losses under ECL model, net of reversal amounted to approximately RMB15.42 million (2021: approximately RMB13.17 million).

Distribution and selling expenses

During the Year, the Group's distribution and selling expenses increased by 10.3% to approximately RMB8.05 million (2021: RMB7.30 million), which was mainly due to the growth in intelligent terminal products sales business and software development business.

Administrative expenses

During the Year, the Group's administrative expenses increased by 78.8% to approximately RMB91.11 million (2021: approximately RMB50.96 million), which was mainly because (i) the Group granted share options during the Year, resulting in a significant increase in related share options expenses and further details are set out in the announcements of the Company dated 16 July 2021 and 20 August 2021; and (ii) staff expenses and professional fees such as legal and consulting fees during the Year increased as compared with 2021.

Finance costs

The Group's finance costs increased by 13.0% to approximately RMB18.29 million for the Year (2021: approximately RMB16.19 million), which was mainly due to the increase in interest expenses for the Year resulting from the increase in total outstanding principal of bonds of the Group during the Year, as compared with 2021. For details, please refer to the paragraph headed "Capital structure, liquidity and financial resources" below in this section.

Research and development expenses

During the Year, the research and development expenses remained stable and the Group recorded approximately RMB12.53 million (2021: approximately RMB13.94 million).

Income tax expenses

During the Year, the Group's income tax expenses increased by 53.5% to approximately RMB19.89 million (2021: approximately RMB12.96 million), which was mainly due to the increase in profit before tax of IBO Information, resulting in the corresponding increase in related income tax expense.

Profit attributable to owners of the Company

Based on the above factors, the Group recorded profit attributable to owners of the Company of approximately RMB14.66 million for the Year (2021: loss attributable to owners of the Company of approximately RMB42.10 million), which was mainly due to (i) the significant growth of revenue and gross profit during the Year as driven by the substantial increase in the revenue from the intelligent terminal products sales business and software development business during the Year, as compared with 2021; and (ii) the other gains, net recorded by the Group during the Year while other losses, net was recorded in 2021.

FINANCIAL REVIEW (Continued)

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 2022, the Group's net current assets were approximately RMB324.25 million (31 March 2021: approximately RMB371.80 million).

As at 31 March 2022, the Group's bank balances and cash were approximately RMB243.61 million (31 March 2021: approximately RMB232.16 million) and there was no pledged bank deposit (31 March 2021: approximately RMB6.00 million). The current ratio (a ratio of current assets to current liabilities) was approximately 1.4 times (31 March 2021: approximately 1.8 times).

As at 31 March 2022, the Group's total bank and other borrowings were approximately RMB33.44 million (31 March 2021: approximately RMB35.14 million).

The Company issued bonds in the aggregate principal amount of HK$85,210,000 for the Year (2021: HK$49,000,000). As at 31 March 2022, the outstanding aggregate principal amount of bonds of the Company was HK$116,510,000 (31 March 2021: HK$86,200,000). The bonds are transferable subject to the consent from the Company. The bonds will become due on the first to third 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.

As at 31 March 2022, the outstanding aggregate principal amount of convertible bonds of the Company was HK$19,496,000 (31 March 2021: HK$21,675,800), in which the principal amount at the initial conversion price of HK$1.6 per conversion share and HK$1.73 per conversion share were HK$7,040,000 and HK$12,456,000 respectively. Assuming the full conversion into conversion shares, 4,400,000 and 7,200,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK$44,000 and HK$72,000 respectively. During the Year, the conversion rights attached to the convertible bonds with the principal amount of HK$2,179,800 were exercised at the initial conversion price of HK$1.73 per conversion share and converted into 1,260,000 conversion shares (with an aggregate nominal value of HK$12,600). On 1 April 2022, 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 were allotted and issued on 6 April 2022. Up until now, the convertible bonds with an initial conversion price of HK$1.6 per conversion share have been fully converted into conversion shares. For details, please refer to the below sections headed "Report of the Directors — Equity-linked Agreements — Placing of Convertible Bonds in a Total Principal Amount of HK$22,400,000 under 2018 General Mandate" and "Report of the Directors — Equity-linked Agreements — Placing of Convertible Bonds in a Total Principal Amount of HK$31,140,000 under 2018 General Mandate" in this Annual Report.

During the Year, 21,000,000 placing shares were allotted and issued to the placees by the Company with total proceeds of approximately HK$77,490,000. For details, please refer to the below section headed "Report of the Directors — Equity-linked Agreements — Use of Net Proceeds from the Placing of New Shares under 2020 General Mandate" in this Annual Report.

During the Year, 10,000,000 subscription shares were allotted and issued to Shine Well by the Company with total proceeds of HK$15,000,000. For details, please refer to the below section headed "Report of the Directors — Equity-linked Agreements — Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate" in this Annual Report.

On 3 March 2022 , the Company and VC Brokerage Limited (as the placing agent) entered into the placing agreement for up to 72,000,000 placing shares. On 25 March 2022, in view of the market conditions, 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. For details, please refer to the below section headed "Report of the Directors — Equity-linked Agreements — Placing of New Shares Under the 2021 General Mandate and its Termination" in this Annual Report.

FINANCIAL REVIEW (Continued)

Capital structure, liquidity and financial resources (Continued)

As at 31 March 2022, the authorised share capital of the Company was HK$10 million divided into 1,000,000,000 Shares of HK$0.01 each and the issued share capital of the Company was approximately HK$5.8052 million divided into 580,523,141 Shares of HK$0.01 each.

Gearing ratio

As at 31 March 2022, the Group's gearing ratio (calculated by dividing total borrowings (including bank and other borrowings, bonds payables and convertible bonds) by total equity) was approximately 24.4% (31 March 2021: approximately 39.5%).

Capital expenditure

The Group's capital expenditure for the Year increased by 691.6% to approximately RMB38.79 million (2021: approximately RMB4.9 million), which was used for office equipment, motor vehicle and leasehold improvements.

Capital commitment

As at 31 March 2022, the Group had no significant capital commitment (31 March 2021: Nil).

Currency risk

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

Contingent liabilities

As at 31 March 2022, the Group had no significant contingent liabilities (31 March 2021: Nil).

Pledge of the Group's assets

As security for the bank borrowings granted to the Group, investment properties with an aggregate fair value of approximately RMB21,000,000 (2021: approximately RMB20,200,000) and trade receivables with carrying amount of approximately RMB9,000,000 (2021: approximately RMB9,800,000) as at 31 March 2022 have been pledged to the banks. Bank deposits amounting to approximately RMB6,000,000 have also been pledged to the banks as at 31 March 2021.

As at 31 March 2022, the Group's listed securities of aggregate carrying amount of approximately RMB2,200,000 (31 March 2021: approximately RMB238,000) were pledged by the Group to secure a margin account payable.

Material acquisition and disposal of subsidiaries and associates

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

FINANCIAL REVIEW (Continued)

Significant investment

The Group had the following significant investments during the Year:

1. The Group invested in Foshan Xindian Electronic Software Technology Company Limited* (佛山芯點電子軟件技術有限公司) ("**Foshan Xindian**") with a capital contribution of RMB63,000,000, representing a 35% capital contribution ratio. Foshan Xindian holds a 30% equity interest in Foshan Shishuo Electronics Co., Ltd.* (佛山世碩電子有限公司) ("**Foshan Shishuo**"). Foshan Shishuo focuses on the research and development and application of high-precision integrated navigation technology, and is a technology-based enterprise providing aerial attitude, integrated navigation and control solutions. Foshan Shishuo is positioned as a "leading high-tech company for overall solutions of automatic navigation system". Foshan Shishuo's key products include inertial measurement unit (IMU) and inertial navigation system, which are mainly used in the field of automatic vehicle, military and intelligent robots. Foshan Shishuo's main product is high-precision navigation sensors, which are highly relevant to the Group's IoT business. Foshan Shishuo is in the industry of high-precision inertial navigation application for smart vehicle, which has a promising future. Foshan Shishuo's products enjoy certainty in terms of their technology direction, and are the only low-cost and mass-produced products in the PRC with clear growth potential. Through the investment, the Group can enhance its technological capability in high-end sensors and expand into the field of automotive intelligence and automotive electronics, which has wide development potential. During the Year, there was no realised and unrealised profit or loss and no dividend received from the investment. As at 31 March 2022, the fair value of the investment was RMB63,000,000, which accounted for 4.0% of the total assets of the Group;

2. The Group invested in Dongguan Juxin Technology Company Ltd* (東莞市聚昕科技有限公司) ("**Dongguan Juxin**") with a capital contribution of RMB70,000,000, representing a 35% capital contribution ratio. Dongguan Juxin holds a 30% equity interest in Dongguan Longtu Software Integration Development Co. Ltd.* (東莞市隆圖軟件集成開發有限公司) ("**Dongguan Longtu**"), which engages in the research and development, manufacturing and sales of intelligent hardware — face recognition all-in-one machines and network cameras, and independently realises the complete closed-loop system of "AI algorithm + embedded software + optoelectronic hardware manufacturing". The core product lines are: face recognition all-in-one machine, face access attendance machine, AI camera and thermal imaging equipment, which are widely used in smart sites, smart parks, smart communities, smart campuses, etc. Dongguan Longtu mainly applies the technology of "AI algorithm + embedded software + optoelectronic hardware manufacturing" to provide customers with intelligent IoT products and solutions, which is highly compatible with the Group's business. Artificial intelligence is a national strategy with broad development prospect and sizable market potential. With the maturity of AI technologies such as face recognition, the market is now entering a period of rapid demand explosion. Dongguan Longtu has accumulated years of experience in the industry, and has a clear market positioning and strong competitive advantages. Dongguan Longtu's products have been proven in the market and are in a critical period of market expansion. By increasing the capital investment, the sales revenue is expected to grow rapidly and bring substantial returns to the Shareholders. At the same time, it will enrich the categories of the Group's intelligent IoT products and enhance the Group's technology capability in artificial intelligence and intelligent hardware products. During the Year, there was no realised and unrealised profit or loss and no dividend received from the investment. As at 31 March 2022, the fair value of the investment was RMB70,000,000, which accounted for 4.5% of the total assets of the Group; and

* *For identification purpose only*

FINANCIAL REVIEW (Continued)

Significant investment (Continued)

3. The Group invested in Guangzhou Andi Technology Investment Company Ltd.* (廣州安迪科技投資有限公司) ("**Guangzhou Andi**") with a capital contribution of RMB80,000,000, representing a 40% capital contribution ratio. Guangzhou Andi holds a 30% equity interest in Qilian (Guangzhou) Network Technology Company Ltd.* (奇鏈(廣州)網絡科技有限公司) ("**Qilian (Guangzhou)**"). Qilian (Guangzhou) is a high-tech company specialising in the design, development, manufacturing and sales of RF microwave IC chips, components and system solutions. Its main products include RF microwave IC chips, RF microwave components and systems, which are widely applied in various fields such as 5G communication base station equipment, military and civil radar, satellite, aircraft and vehicle communication. Qilian (Guangzhou)'s RF microwave chips are widely used in 5G communication base stations and the IoT, which are highly compatible with the Group's business. Qilian (Guangzhou)'s products have a sizable market capacity and fast growth rate, especially in the 5G era when the number of frequency band increases, with the value share of RF devices in mobile phones and base stations further increases. Qilian (Guangzhou) is ahead of similar enterprises in the PRC in terms of product performance and product categories, and its technical indexes are leading the international market, while it is enjoying obvious advantages in long-term domestic substitution. The investment will enhance the technical capability and product strength of the Group's 5G business. During the Year, there was no realised and unrealised profit or loss and no dividend received from the investment. As at 31 March 2022, the fair value of the investment was RMB80,000,000, which accounted for 5.1% of the total assets of the Group.

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.

* *For identification purpose only*

FINANCIAL REVIEW (Continued)

Employee and remuneration policy

As at 31 March 2022, the Group employed a total of 231 employees (31 March 2021: 226 employees). For the Year, staff costs (including Directors' emolument) was approximately RMB77.45 million (2021: approximately RMB40.76 million). By strictly following the Labour Law* (《勞動法》), the Labour Contract Law* (《勞動合同法》) and the Labour Dispute Mediation and Arbitration Law* (《勞動爭議調解仲裁法》) of the PRC, the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religion and disability. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group regularly reviews the remuneration policies and 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 and motivate talented employees to strive for future developments and expansion of the Group. On 29 June 2018, 40,000,000 share options have been granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme and have been fully exercised during the Year. On 17 February 2019, the Company proposed to grant a total of 20,000,000 share options to Mr. Lai[(1)], the Company's executive Director, the chairman of the Board and the controlling Shareholder at the material time, pursuant to the Share Option Scheme, which had been approved by the independent Shareholders on 17 May 2019, and had been fully exercised during the Year. On 16 July 2021, 36,970,524 share options were granted to the eligible Directors, employees and a consulting firm pursuant to the Share Option Scheme and the share options were outstanding as at 31 March 2022. On 20 August 2021, 4,100,000 share options were granted to the special assistant to the chairman and the general manager of the Company pursuant to the Share Option Scheme and the share options were outstanding as at 31 March 2022. As at the date of this Annual Report, none of the share options granted on 16 July 2021 and 20 August 2021 have been exercised.

Note:

(1) During the Year, Mr. Lai was the controlling Shareholder. As at the date of this Annual Report, Mr. Lai and Shine Well (which is wholly and beneficially owned by Mr. Lai) together hold approximately 25.3% of the entire issued share capital of the Company, out of which Shine Well holds approximately 22.2% out of the said approximately 25.3% shareholding; and accordingly Mr. Lai is the single largest substantial Shareholder.

* *For identification purpose only*

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
Certificate of Exterior Design Patent	IBO Communication is granted a patent regarding graphical user interface of base station management for computers	30 April 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding 5G DAS management system based on topology information	28 May 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information is granted a patent regarding UML picture recognition method and system	29 June 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding heat rejection devices for 5G radio frequency remote equipment	9 July 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding balanced base station load management and system	26 July 2021	National Intellectual Property Administration
Certificate of Invention Patent	IBO Information and IBO Communication are granted a patent regarding distributed base stations upgrade processing and system	27 July 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding extension units supporting GPS and Beidou positioning modules	17 September 2021	National Intellectual Property Administration
Qualification Certificate for Design, Construction and Maintenance	The design, construction and maintenance of the safety technology protection system of IBO Information is recognised as at the 4th level	23 September 2021 to 22 September 2023	Security Technology Prevention Management Office of Guangdong Provincial Public Security Department

MAJOR AWARDS AND CERTIFICATES (Continued)

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/ Certified by
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G CPE Embedded Software V1.0 by IBO Communication	30 September 2021	National Copyright Administration of the PRC
Computer Software Copyright Registration Certificate	Original acquisition of all rights for 5G Camera Embedded Software V1.0 by IBO Communication	8 October 2021	National Copyright Administration of the PRC
Certificate of Invention Patent	IBO Communication is granted a patent regarding message optimisation method and system based on TR069	19 October 2021	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for IBO NVR Embedded Software V1.0 by IBO Communication	1 November 2021	National Copyright Administration of the PRC
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding installation of supporting frames for communication devices	5 November 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding the Bridge Crane Video Monitoring System	9 November 2021	National Intellectual Property Administration
Computer Software Copyright Registration Certificate	Original acquisition of all rights for Integrated Traffic Monitoring System V2.0 by IBO Information	24 November 2021	National Copyright Administration of the PRC
Certificate of Invention Patent	IBO Information is granted a patent regarding laptop monitor brightness adjustment system and method	30 November 2021	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Communication is granted a patent regarding a feature detection device and AI edge intelligent device	14 December 2021	National Intellectual Property Administration

MAJOR AWARDS AND CERTIFICATES (Continued)

Accreditation & Certificates	Details	Time of the grant/ Valid duration of the certificate	Accredited/ Certified by
Certificate of High-tech Enterprise	IBO Communication is recognised as a high-tech enterprise	23 December 2021 to 22 December 2024	Science and Technology Innovation Committee of Shenzhen Municipality, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding a prevention of breaking lightning conductor at 5G communication base station	18 January 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding a Communication Cabinet for Mobile Base Station	21 January 2022	National Intellectual Property Administration
Certificate of Invention Patent	IBO Communication is granted a patent regarding 5G communication base station with an automatic cooling function	21 January 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information and IBO Communication are granted a patent regarding 5G Internet Cafe Network System	28 January 2022	National Intellectual Property Administration
Certificate of Utility Model Patent	IBO Information and IBO Communication are granted a patent regarding Bridge Crane Video Network Enhancement System	8 February 2022	National Intellectual Property Administration

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR

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

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

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

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

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

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

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

Cooperation mainly includes the following:

1. Alba Culture and Sports Development and its affiliated companies shall entrust IBO Communication as the sole/exclusive partner for providing service for 5G technology application (including but not limited to services such as 5G network signal coverage, private network technology application and new forms of e-sports business combined with 5G technology application) in "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development nationwide. In other words, within the term of cooperation between the parties, the 5G technology application, maintenance, upgrade services and so forth in all "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development and its affiliated companies nationwide will be exclusively provided by IBO Communication; and

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR (Continued)

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

2. IBO Communication shall accept the entrustment from Alba Culture and Sports Development to install 5G signal coverage equipment and systems for "e-sports stadiums" of the well-known e-sports brand constructed and operated by Alba Culture and Sports Development (the ownership of the equipment and systems belongs to IBO Communication, while Alba Culture and Sports Development is entitled to the right to use them during the term of cooperation), and as requested by Alba Culture and Sports Development, IBO Communication will install transmission units of 5G pico base stations (different frequency bands require different types of transmission units of 5G pico base stations to be installed) at "e-sports stadiums" of the well-known e-sports brand to realise public 5G network signal coverage in leisure zones (or mobile game zones) of "e-sports stadiums" of the well-known e-sports brand, realise 5G private network signal coverage of cloud terminals, and realise 5G technology application services.

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

Entering into Sales and Purchase Contract with Guangxi Hongyingda Electronics

On 23 January 2022, IBO Electronics and Guangxi Hongyingda Electronics, subject to the principle of equality and mutual benefit, entered into a sales and purchase contract in respect of the purchase of 14-inch domestically-produced notebook computers, all-in-one computers, and mini-host computer products by Guangxi Hongyingda Electronics from IBO Electronics, as well as related matters, following friendly negotiation in accordance with the relevant laws and regulations.

Guangxi Hongyingda Electronics shall purchase 10,050 domestically-produced 14-inch GK140 notebook computers, as well as a total of 150 24-inch all-in-one computers and M1 mini-host computers from IBO Electronics at a total consideration of RMB51.805 million.

The warranty period of the products as contained in this contract lasts one (1) year, and IBO Electronics will provide lifetime technical services for the products to Guangxi Hongyingda Electronics.

Further details are set out in the announcement of the Company dated 23 January 2022.

Entering into ITAI Notebook Product Project Cooperation Agreement with Aerospace Innotech

On 1 March 2022, IBO Electronics and Aerospace Innotech decided to establish a strategic cooperation partnership in the ITAI product project and entered into ITAI Notebook Product Project Cooperation Agreement, after extensive communication and exchanges, under the premise of equality and voluntariness, mutual benefit, common promotion and fruitful achievement, pursuant to the "Civil Code of the People's Republic of China" and the relevant laws and regulations.

The cooperation project between the parties is an ODM project of 200,000 domestically-produced notebook computers of ITAI products. The agreement is the basic agreement between the parties on the ODM project cooperation and the relevant matters such as subsequent procurement of products and services.

MAJOR COOPERATION PROJECTS ENTERED INTO FOR THE YEAR (Continued)

Entering into ITAI Notebook Product Project Cooperation Agreement with Aerospace Innotech (Continued)

Product Development and Certification: Aerospace Innotech has engaged IBO Electronics to design and develop the domestically-produced notebook computer products under specified specifications. IBO Electronics shall complete product development according to Aerospace Innotech's requirements, and cooperate with Aerospace Innotech to carry out the certification for relevant ITAI products. The products shall use the name under Aerospace Innotech's trademark. Upon completion of certification, Aerospace Innotech shall possess the qualifications and conditions to sell the domestically-produced notebook computers of ITAI products under the project with its own brand.

Orders, and Manufacture and Delivery of Products: Upon completion of product development and certification, the parties shall use their respective market resources to cooperate and facilitate the sales of ITAI products in the market under the agreement. Aerospace Innotech shall, based on the market demand, place purchase orders to IBO Electronics in batches to order the products under the project. IBO Electronics shall arrange raw material procurement, supply chain management, organising production and processing in accordance with the purchase orders placed by Aerospace Innotech, and deliver the products to Aerospace Innotech. Matters such as specific purchase quantity, delivery date, price under the orders, delivery spot and method, payment terms, shall be stipulated under the purchase orders after negotiation between the parties.

Further details are set out in the announcement of the Company dated 1 March 2022.

BUSINESS OUTLOOK AND STRATEGIES

Promote the development of ITAI industry and product research and development to boost market share

In recent years, the demand for the domestic production of basic hardware and software has been repeated in a number of major policies, and the frequency of promulgation of such policies has significantly increased. Relevant policies have been progressively promulgated by the party and the central government to key industries, and from small-scaled pilot projects to industry-wide deployments, gradually expanding the coverage, and the demand for ITAI development in key industries is becoming more and more specific and quantitative. According to China Merchants Securities, it is estimated that from 2022 to 2025, the procurement demand for ITAI PCs from civil servants of the PRC's government agencies, commercial enterprises, financial institutions and operators will exceed one million units. There will be sizable demand for procurement of ITAI servers, and the ITAI industry will have a market size of RMB10 billion each year during the 14th Five-Year Plan period. According to the study, the scale of the PRC's ITAI market is expected to grow at a compound annual growth rate of 37.4% in the next five years, and will approach RMB800 billion in 2025.

Riding on the "14th Five-Year Plan" policies, the Group has been vigorously expanding its ITAI business, which is divided into direct sales and ODM channels according to its sales model, and actively participating in proprietary tendering to accelerate the launch of its products. During the Year, the purely domestically-produced notebook computers designed and developed by the Group have entered the market and were widely recognised, marking an important milestone for the Group's successful entry into the trillion-dollar market of the ITAI industry. Starting from this year, the Group will, on the basis of continually improving its products, further allocate resources to enhance its marketing and promotion efforts of ITAI products, and extensively cooperate with industry partners to promote the sales of ITAI products of the Group and accelerate the rapid popularisation and promotion of localisation substitution in various industries.

In the future, the Group will grasp the latest trend to leverage on its technological advantages, accelerate the development of IT infrastructure hardware business such as domestically-produced notebook computers and mobile terminals, focus on power, finance, telecommunications, education and other pioneering sectors where the ITAI products and projects are applied, accelerate the development of the ITAI industry and product research and development, and strive to gain further market shares, where the Group's purely domestically-produced ITAI products are expected to become a source of growth for the Group's future results.

BUSINESS OUTLOOK AND STRATEGIES (Continued)

Accelerate the application of 5G construction to support the digitalisation transformation of society

As a representative of the new generation of information and communication technologies, the 5G technology is accelerating its deep integration with various fields of the economy and society, and becoming a key driver for the digitalisation, networking and intelligent transformation of the economy and society. In May 2022, the MIIT proposed to steadily and orderly push forward the construction of 5G and gigabit optical networks, deepen the common construction and sharing of networks, continuously improve the depth and breadth of network coverage, and sponsor the completion of 600,000 5G base stations during this year. Accelerating the large-scaled application of 5G will be the key measure to help the digitalisation transformation of various industries, thus stimulating the high-quality economic and social development.

As 5G construction in the PRC has entered into a high-speed development stage, small base stations and indoor building systems play an important role in the development of 5G as well as the intelligent industries. 5G products have the characteristics of high signal frequency and fast fading, and the new 5G indoor building systems and 5G pico base stations developed by the Group can effectively solve the problem that 5G signals from outdoor 5G macro and micro base stations cannot cover the indoor areas. The new 5G indoor coverage and network enhancement solutions are highly flexible, easy to deploy, manageable and controllable. As the underlying network support for the "Internet of Everything", the new 5G indoor coverage and network enhancement solutions can be configured to different business scenarios and industry chains, providing customers with one-stop solutions for 5G applications. In addition, the Group has obtained the telecommunication equipment access license from the MIIT, which includes the 5G bands of the three major operators, namely China Mobile, China Telecom and China Unicom, and is one of the few companies in the market that have obtained the access license for 5G pico base stations, giving it the pioneer advantages. In the future, the Group will keep pace with the times and leverage its technological advantages to focus on the digitalisation upgrade of the industry and the large-scaled application of 5G, so as to meet the strong demand of the market.

The Group has already collaborated with a number of large state-owned enterprises and private enterprises through different projects, and has made a series of positive progress in the technical testing and centralised procurement of small base station products for operators such as China Mobile and China Telecom, with product sales entering a period of rapid growth. Looking ahead, the Group will build on its successful experience in previous projects and leverage on its solid foundation in the industry, as well as the synergies generated with enterprise partners in various aspects such as technology, supply chain and market to organise research and pilot testing for 5G private networks, to break through key links from application to deployment, and to actively participate in the centralised tendering and procurement projects of telecommunication operators, thus providing the best quality solutions to operators and industry partners.

Actively identify collaboration and merger and acquisition (M&A) targets

The Group will actively identify suitable M&A targets that can create strong synergies with its existing principal businesses to support the Group's operations and rapid development. Meanwhile, the Group will strive to enhance the synergy effect of its principal businesses to achieve the effect of one plus one being greater than two, which will in turn facilitate the consolidation and improvement of the Group's business industry chain.

Synergistic development of three major businesses towards harvesting period

Benefiting from the momentum of national policies and large market demand, the Group has fully integrated its market resources and made continuous efforts in the fields of 5G (communication equipment and private network solutions), ITAI IT (terminal products and industry solutions) and IoT (products and solutions).

The three business segments are closely interconnected and synergistic in terms of underlying technologies, application technologies, supply chains, projects and business models. The Group integrates and innovates the 5G, ITAI IT and IoT technologies to form new business models and industrial ecologies, so as to effectively leverage its advantages and integrated technical capabilities to maximise the overall value creation. Leveraging on the Group's accumulated technologies and strong market demand, the three businesses of the Group are expected to generate significant synergies, which will contribute to the exponential growth of the Group's business scale while creating unique core advantages. The Group is confident that the integration and innovation of the three core businesses will provide one-stop digital solutions to customers from various industries, and stand out in the highly competitive market while maximising returns for the Shareholders.

1. ABOUT THIS ESG REPORT

This section headed "Environmental, social and governance report" is the fifth Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") issued by the Company. Based on the principles of objectivity, comprehensiveness, standardisation and transparency, this ESG Report elaborates the management concepts, highlight practises and annual performance of the Group's ESG work in 2021/2022. This ESG Report is prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

1.1 Scope of this ESG Report

This ESG Report will illustrate the Group's environmental, social and governance (ESG) management strategy and performance the financial year from 1 April 2021 to 31 March 2022 ("**FY2021/22**", "**2021/22**" or the "**Reporting Period**"), demonstrating the Group's pursuit of sustainable development in economic, environmental and social aspects, as well as the Group's emphasis on stakeholders, covering the businesses of system integration, intelligent terminal products sales, software development and system maintenance services of the Group's subsidiaries in Hong Kong, Shenzhen and Mainland China.

The reporting scope of this ESG Report includes IBO and its subsidiaries, which mainly covers the offices and facilities established by the Group in Hong Kong, Shenzhen, Guangzhou and Xinjiang. During the Reporting Period, the Group set up a new assembly plant in Shenzhen and established a new company, namely IBO Shenzhen Electronics Limited* (深圳市艾伯電子有限公司) ("**IBO Electronics**"). Therefore, the scope of environmental and social information in this ESG Report is also changed from that of the Environmental, Social and Governance Report for the financial year from 1 April 2020 to 31 March 2021 ("**FY2020/21**" or "**2020/21**").

Looking forward, the Group will continue to determine the scope of this ESG report based on the principle of "materiality" and optimize the internal data collection system to provide stakeholders with more comprehensive and accurate data.

1.2 Standard reference

This ESG Report is prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules (the "**ESG Reporting Guide**"), and with reference to the "recommended disclosures" and the reporting principles of "materiality", "quantitative", "balance" and "consistency".

1.3 Reporting Principles

Materiality: The Group continues to communicate with stakeholders, regularly reviews the materiality of each sustainability aspect, conducts materiality assessment to determine material ESG issues, and the assessment results are approved by the Board.

Quantitative: This ESG Report describes the standards and methods of relevant data calculation and the relevant assumptions, and the KPIs are supplemented by explanatory notes to establish benchmarks where feasible.

Balance: The Group discloses all its positive and potential negative data in an unbiased manner, fairly describes the Group's ESG performance, ensure that accurate data is received by the public, and that the information presented is not inappropriately used for selection, omission or other forms of manipulation that affects readers' decision or judgement.

Consistency: Unless otherwise stated, the ESG data is prepared and presented using consistent methodologies for meaningful comparisons.

* *For identification purpose only*

1.4 Confirmation and Approval

This ESG Report was approved by the Board on 30 June 2022 after confirmation by the management of the Company.

1.5 Access to this ESG Report

The electronic version of this ESG Report is available under "Financial reporting" of the "Investor Relation" section on the Group's website (http://www.ibotech.hk/) and the website of the Stock Exchange (http://www.hkexnews.hk).

1.6 Feedback

The Group values and welcomes all stakeholders to provide feedback and suggestions on this ESG Report and its sustainability performance through the following means:

Address: 23/F, Sunshine Plaza, No. 353 Lockhart Road, Wan Chai, Hong Kong
Email: ir@ibotech.com.cn

For details of the Group's financial performance and corporate governance, please visit the Group's website at http://www.ibotech.hk/and the Group's Annual Report.

2. ABOUT IBO TECHNOLOGY

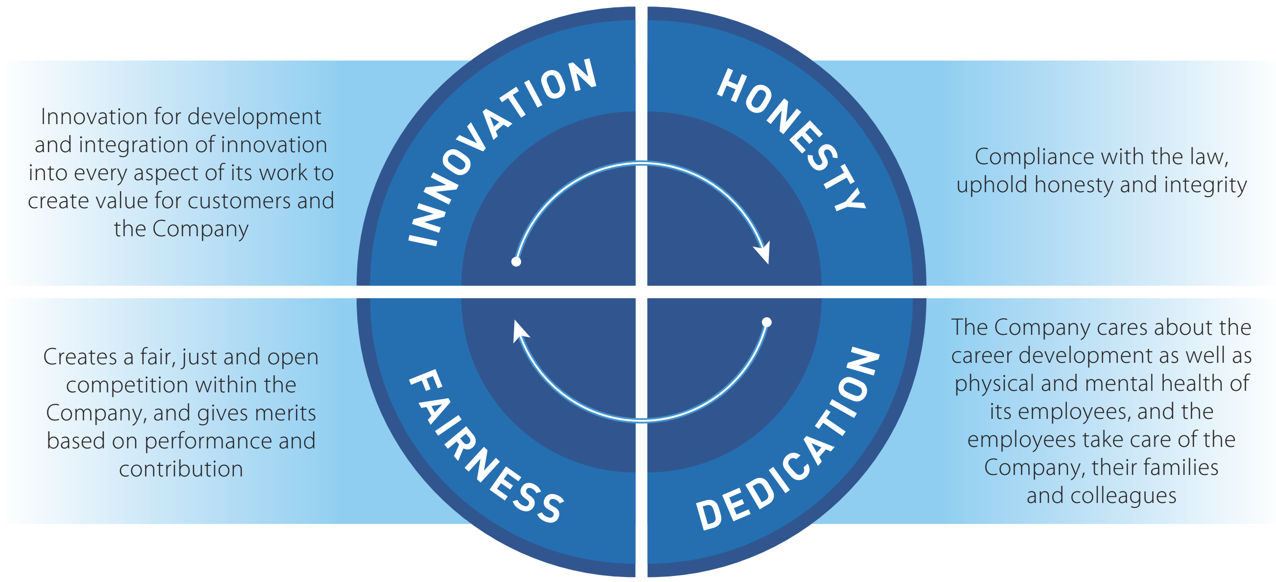
The Group is a leading provider of industrial IoT solutions and service in the PRC, seizing the development opportunities of the IoT industry and vertically deepening advanced technologies, such as IoT industry chain computing, artificial intelligence, big data, block chain, edge computing, 5G, biotechnology, etc. for the promotion of product research and development as well as services of the Group, so as to provide innovative solutions and services to its customers and continuously expand the Group's business areas. As China proposes the construction strategy of "Digital China", the Group has accelerated its development in the fields of ITAI IT and 5G communication network products and services by leveraging on the experience accumulated in assisting customers in different industries to provide various products and services in the past. At the same time, the Group also hopes to assist China to speed up the establishment of a talent training system for domestic software, strengthen the main role of enterprises in innovation, and accelerate the implementation of technologically independent innovation products when developing related businesses. During the Year, the Group also achieved fruitful results in ITAI IT and 5G communication network, including the independent research and development of 5G pico base station products with completely independent intellectual property rights, and entered into cooperation agreements with various enterprises on ITAI product projects, which further recognised the Group's achievements in ITAI IT and 5G communication networks. (For details, please refer to the section headed "Management Discussion and Analysis" in the Annual Report.)

IBO shoulders the corporate and social mission of "taking on greater social responsibility, doing good deeds in many ways", "promoting the application of 5G technology and Internet of Things technology in life, making life better by IBO" and "becoming an international elite enterprise and a strong enterprise with international influence", and builds the core values of "unity, pragmatism and efficiency, integrity and mutual assistance, integrity and sunshine, innovation and innovation". Adhering to the business philosophy of "market-oriented and customer-oriented", and adhering to the business goal of "Hundred-year IBO and Hundred-billion IBO", IBO shoulders corporate social responsibility while focusing on business development, and is committed to taking the value of sustainable development as the cornerstone.

2.1 Corporate Governance and Risk Management

For details of IBO Tech's corporate governance and risk management, please refer to the section headed "Corporate Governance Report" in the Annual Report.

Cultural Objectives of IBO



3. SUSTAINABILITY MANAGEMENT

Sustainable development is the key to long-term success of an enterprise. The Group believes that through the sustainable development management model, it can create long-term value and benefits for shareholders, customers, employees, communities, partners and other stakeholders. The Group integrates the concept of sustainable development into the Group's daily operations, continues to pay attention to and improve the Group's environmental, social and governance performance, and ensures the long-term and stable development of the Company.

3.1 Sustainable Development Philosophy

The Group always pays attention to its performance in environmental, social and governance aspects. While actively assuming economic responsibilities, the Group continues to identify the key concerns of various stakeholders, maintains sensitivity and insight with peers and market trends, constantly reviews and manages the sustainable development risks in the operation process, combines the Group's own development with environmental responsibilities and social responsibilities, and realises the harmonious unity of corporate interests and broader social responsibilities.

3.2 Sustainability Governance Structure

The Group adheres to the environmental, social and governance management policy of "Pursuing Excellence, Sustainable Development and Being Respected", and strives to achieve the best balance between business operations and the interests of stakeholders in terms of environmental, social and corporate governance. The Group strives to operate and develop in a sustainable, environmentally-friendly and community-friendly manner and is committed to social progress. At the same time, the Group is committed to supporting equal employment relations, making a healthy and safe working environment, and creating a working atmosphere of "care, tolerance, self-consciousness and hard work". In order to better promote the implementation of the ESG management strategy and strengthen the Group's management of ESG-related matters, the Group has formed a corporate social responsibility governance structure consisting of three major components, namely the Board, the ESG working group and employees.

Highest decision-making body: The Board is the highest decision-making body of the Group's ESG management system. The Board assumes the ultimate responsibility to ensure the effectiveness of the Group's ESG policies. The Board has delegated to the ESG working group the day-to-day execution of all corporate governance and corporate social responsibility related matters, and continuously monitors the implementation of relevant ESG policies within the Group, and monitors and monitors the progress of achieving corporate goals and ESG goals.

Management implementing level: The ESG Working Group consists of the corporate development department, the finance department and the human resources department. The responsibilities of the ESG Working Group include conducting internal and external materiality assessment, implementing the Board's strategies and policies, preparing the ESG report, communicating with stakeholders, collecting and monitoring information and data related to daily corporate social responsibility, guiding employees' daily work and regularly reporting to the Board on the operation of the system. In addition, in order to increase the Group's resilience to climate change-related risks, the working group will also incorporate climate change into the assessment consideration when evaluating and managing various risks in operations, and, together with the information obtained through regular communication with various stakeholders of the Company, report to the Board to identify and resolve potential risks and adverse factors that hinder the Group's sustainable development process.

Employees of various functional departments: While focusing on business operations, the Group always regards giving back to the society as the common value concept of the Company's managers and employees. The Group attaches great importance to cultivating environmental awareness within the Group and among employees, adheres to low-carbon and environmental protection in all aspects, strives to achieve energy conservation and emission reduction, and seeks a balance between development and environment to realise sustainable development. The Group has also established an open communication channel for employees to report various ESG issues and opinions encountered in daily work to their department heads and the Board, so that the Board and the management can serve as a reference for the formulation of ESG goals and action plans, which effectively accelerates the Group's progress in sustainable development.

ESG Governance Structure of IBO

From top to bottom: **Leading, monitoring and overseeing the Group's sustainable development process**

Board (Decision making)

- Promote a culture of sustainable development from the top down, to ensure that ESG considerations are an integral part of business decisions
- Identify and address risks and adverse factors that potentially hinder the Group's sustainable development process
- Set ESG targets and regularly review the Group's ESG performance

ESG Working Group (Execution)

- Promote the orderly implementation of the Group's overall ESG governance
- Guide, monitor and supervise the progress of implementing sustainable development measures of each operating unit
- Evaluate and manage various risks in operations
- Implement ESG target action plans
- Consolidate and report on ESG information

Employees of various functions and departments:

- Implement specific ESG tasks
- Cultivate environmental awareness, achieve energy saving and emission reduction, and help the Group to achieve the goal of low carbon operation
- Regularly report on ESG information

Bottom-up: **Regular reporting of ESG issues and feedback**

3.3 The Group's Targets

In order to ensure the alignment of the Group's overall objectives, the Board has set the Group's ESG performance targets based on the identified material issues and the Group's operating conditions, and reviews the Group's ESG performance at least once a year, supervises the implementation of various functional departments in various aspects and adjusts the Group's ESG target action plans. The Group is committed to doing its best to achieve the following objectives and targets:

1. Strive to reduce the burden of the Group's operations on the environment, including reducing emissions and resource consumptions;

2. Promote the concept of "paperless office" to the headquarters and subsidiaries;

3. Identify and mitigate climate change-related risks, thereby increasing the resilience of enterprises to climate risks;

4. Increase employees' sense of belonging and engagement;

5. Increase diversity at all levels of the Group;

6. Maintain low injury rate;

7. Provide adequate training to all employees to perform their duties;

8. Uphold a high standard of integrity and adopt a zero-tolerance attitude towards any injustice;

9. Actively respond to the national policy of enhancing key technology innovation capabilities, adhere to self-innovation, and cultivate more scientific and technological talents;

10. Actively engage stakeholders in the decision-making process;

11. Avoid the occurrence of any non-compliance incidents; and

12. Continue to increase the Group's contribution to the community and deliver social care to the underprivileged.

3.4 ESG Performance Highlights

E Environment

Carbon emissions intensity decreased by 13.08% compared with the previous year

Water usage and water usage intensity decreased by 22.73% and 42.19% respectively compared to the previous year

S Social

IBO Communication passed the SA8000: 2014 Corporate Social Responsibility Management System Certification

The proportion of female employees increased by 10.39%

Zero work-related injuries, zero work-related fatalities, zero confirmed cases

Zero recall of products due to safety and health issues

Zero complaints due to product and service quality issues

28 new members joined the R&D team and the R&D investment exceeded RMB 12.5 million during the Year

29 new intellectual property rights

Donation for education amounted RMB 1 million

G Governance

Identified physical risks that the Group may face due to climate change

3.5 Stakeholder Engagement and Materiality Assessment

The Group actively listens to and responds to the expectations and needs of stakeholders, and maintains close contact with internal and external groups such as employees, customers, governments, investors and shareholders, suppliers, business partners, governments and regulatory authorities, and community groups through the following channels, based on which the Group improves its sustainable development strategies and plans and effectively meets the demands of stakeholders.

Stakeholders	Engagement methods	Expectations and demands	Response to demands
Investors and Shareholders	• Annual general meeting and notice • Regular corporate publications, including financial statements • Circulars and announcements (if necessary) • Company's website • Sending enquiries and suggestions to the Company's principal place of business • Enquiries via telephone and in writing (if necessary)	• Return on investment • Corporate governance • Business compliance	• Transparent and open information disclosure • Continuously improve non-financial related information disclosure • Strengthen communication with investors • Strengthen enterprise risk management • Improve profitability
Employees	• Internal emails and publications • Meetings and briefings • Training • Employee activities • Performance appraisal	• Compensation, benefits and promotion • Safety risk management and training • Equal opportunities	• Provide a reasonable remuneration and welfare system • Optimisation of promotion mechanism • Employee training • Enrich employee activities
Customers	• Company's website • Customer service hotline • Customer survey • Customer interviews and meetings • After-sales feedback	• Quality control • Customer service • Customer information and privacy	• Continue to expand R & D investment • Insist on self-innovation • Establish regular communication mechanism • Continuous Improvement of Product Design • Establish an efficient information security management system
Suppliers and business partners	• Business meetings • Performance evaluation • Site visits	• Supplier evaluation mechanism • Intellectual property protection • Quality control	• Fair and impartial procurement • Cooperative innovation • Strengthening supply chain management • Promote sustainable partnerships
Government and regulatory authorities	• Statutory documents and notices • Verbal and written communication (if necessary) • Special meetings	• Compliance with laws and regulations • Supporting economic development	• Implement national policy requirements • Tax payment • Strengthen compliance operation
Community groups and the public	• Social services • Charitable activities • Public consultation email	• Community investment • Environmental management system	• Actively focus on community needs • Continue to increase community investment • Low-carbon operation

In addition to the above regular communication channels, during the Reporting Period, the Group also engaged a third-party professional consultant to assist the Group in conducting materiality assessment. In the form of online questionnaire survey, the Group invited four groups of stakeholders (customers, suppliers, employees, and management) to provide feedback on the importance of relevant ESG issues to the Group, and conducted a comprehensive analysis based on the opinions of the management, so as to help the Group identify issues that are material to the Group and adjust the sustainable development policies and measures.

The Group has conducted the materiality assessment to identify relevant ESG issues and assessed its materiality to its businesses and to its stakeholders. The materiality assessment process is set out as follows:

1 Identification of potential issues

To construct the IBO Technology database by referring to ESG guidelines and applicable material ESG related issues of its peers. Three new issues have been added this Year, namely the fight against COVID-19 pandemic, corporate governance and risk management, and climate change risk.

2 Stakeholder Engagement

Stakeholder engagement channels were established, and internal and external stakeholders were invited to complete questionnaires to rate the materiality of each environmental, social and governance issue and provide comments, resulting in the average ratings of each group. A total of 13 valid questionnaires were collected this Year.

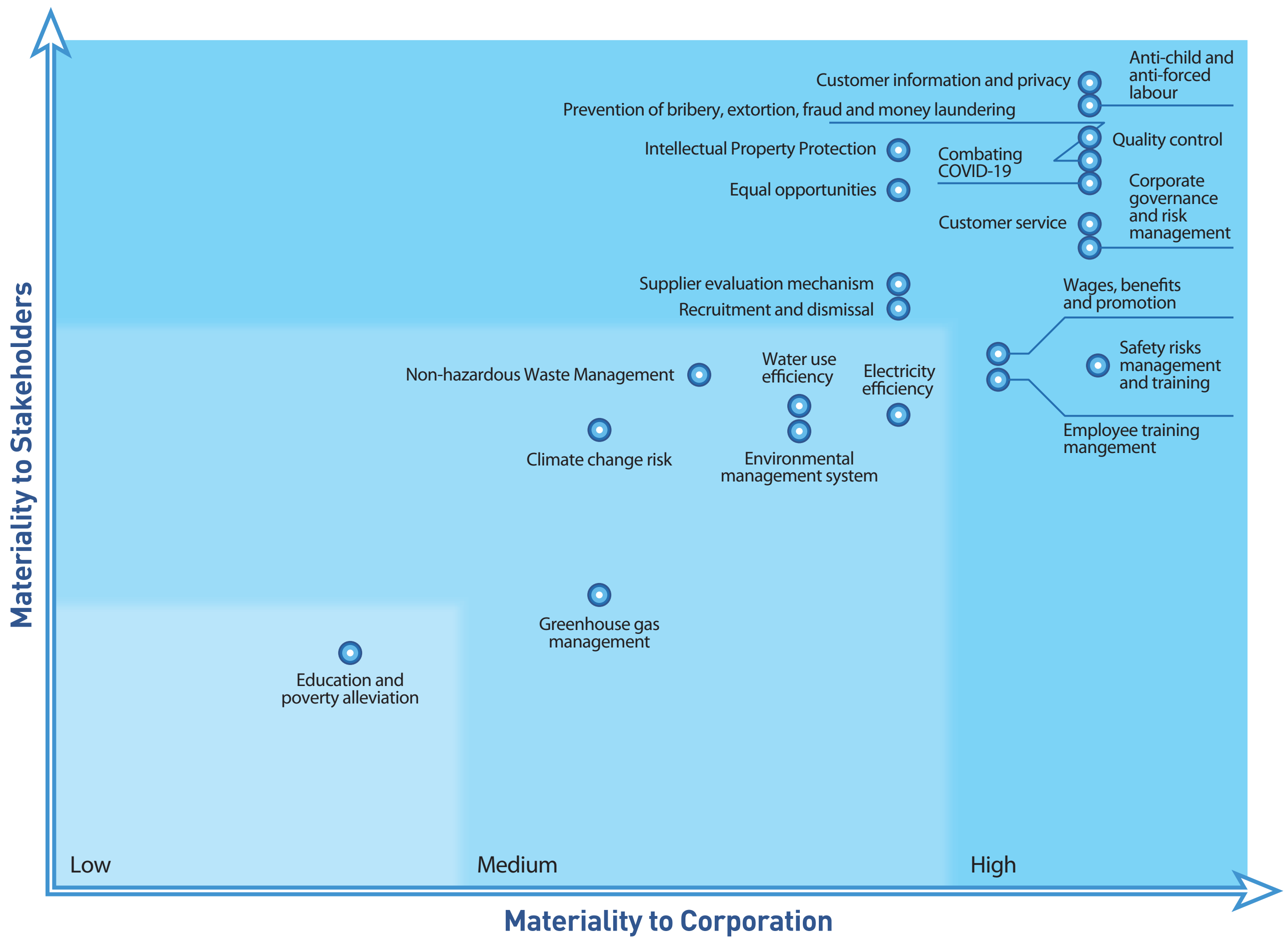
3 Prioritization

The results of the stakeholder engagement process were integrated, and the materiality of the issues was evaluated in two dimensions: "Materiality to Stakeholders" and "Materiality to Corporation". A matrix and list of important issues were analyzed.

4 Certification

The Group's ESG Working Group has verified and validated major ESG issues and their correlation to the corresponding ESG KPIs.

Materiality Matrix of ESG Issues of IBO Technology



ESG Issues Pool of IBO Technology

Materiality of issues	Issue library number	Issues	Change in level of materiality
High	1	Customer service	–
	2	Customer Information and Privacy	–
	3	Quality Control	–
	4	Supplier evaluation mechanism	–
	5	Combating COVID-19	Additions
	6	Corporate Governance and Risk Management	Additions
	7	Prevention of Bribery, Extortion, Fraud and Money Laundering	–
	8	Intellectual Property Protection	–
	9	Equal opportunities	–
	10	Recruitment and Dismissal	–
	11	Compensation, Benefits and Promotion	–
	12	Safety Risk Management and Training	–
	13	Employee Training Management	–
	14	Anti-child and anti-forced labour	–
Medium	16	Greenhouse Gas Management	–
	17	Non-hazardous Waste Management	–
	18	Electricity efficiency	–
	19	Water use efficiency	–
	20	Environmental Management System	–
	21	Climate Change Risks	Additions
Low	15	Education and poverty alleviation	–

3.6 Honours, Qualifications and Certificates

Subsidiaries	Honours, qualifications and certifications	Issuing authority	Date of acquisition/ validity period
IBO Information	ISO9001: 2015 Quality Management System Certification	Guangdong Quality Testing CTC Certification Co., Ltd.	6 May 2020/26 March 2020
	ISO45001: 2018 Occupational Health and Safety Management System Certification	Guangdong Quality Testing CTC Certification Co., Ltd.	5 June 2020/4 June 2023
	ISO14001: 2015 Environmental Management System Certification	Guangdong Quality Testing CTC Certification Co., Ltd.	5 June 2020/4 June 2023
	High-tech Enterprise Certificate	Shenzhen Science and Technology Innovation Committee	9 December 2019/ 8 December 2022
	AAAA 2020 Guangdong Province Contract-abiding and Credit-worthy Enterprise	Guangdong Provincial Market Association Credit Rating Committee	April 2022/April 2023
	Class IV of Guangdong Province Safety Technology Prevention System Design, Construction and Maintenance Qualification Certificate	Security Technology Prevention and Management Office of Guangdong Public Security Department	9 December 2019/8 December 2022
IBO Communication	SA 8000: 2014 Corporate Social Responsibility Management System Certification	Zhongqiu Lianhe International Certification (Beijing) Co., Ltd.	Valid until 7 July 2024
	ISO9001: 2015 Quality Management System Certification	Guangdong Quality Testing CTC Certification Co., Ltd.	28 September 2019/ 27 September 2022
	ISO45001: 2018 Occupational Health and Safety Management System Certification	Guangdong Quality Testing CTC Certification Co., Ltd.	28 September 2019/ 27 September 2022
	ISO14001: 2015 Environmental Management System Certification	Guangdong Quality Testing CTC Certification Co., Ltd.	28 September 2019/ 27 September 2022
	High-tech Enterprise Certificate	Shenzhen Science and Technology Innovation Committee	23 December 2022/ Valid for three years
IBO Information Technology Company Limited ("**IBO Information Technology**")	Class IV of Guangdong Province Safety Technology Prevention System Design, Construction and Maintenance Qualification Certificate	Security Technology Prevention and Management Office of Guangdong Public Security Department	1 February 2021/ 31 January 2023

4. HONEST OPERATION AND INTEGRITY

4.1 Prevention of Bribery, Extortion, Fraud and Money Laundering

The Group strictly prohibits all forms of illegal acts such as bribery, extortion, fraud and money laundering, actively implements the construction of integrity culture education, and has zero tolerance for any violation of professional ethics and business ethics, and continues to improve the anti-corruption management system. The Group deeply believes that honesty, integrity and fairness are important assets of the Company. All employees must ensure that the Group's reputation is not compromised by fraud, infidelity or corruption. Therefore, the Group has formulated the Anti-Corruption Discipline Code as the basic standard of disciplinary conduct that employees of the Company must abide by.

The Group has extremely high requirements on employees' conduct and integrity. The Employee Handbook has set out the code of conduct for employees, various violations of integrity, as well as the decisions on accountability and punishment. New employees are organised to explain the Employee Handbook. Employees are asked to sign a statement at the time of entry agreeing to abide by related provisions. The Group conducts special anti-corruption training for every new senior management member, and requires the senior management to sign the "Commercial Self-discipline Clause" to show their consent to comply with relevant regulations. If any employee violates the code of conduct stated in the Employee Handbook or the Business Self-discipline Clause, the serious person may be dismissed from the labour contract, and the relevant loss will be investigated and the case will be transferred to the law enforcement authority for handling.

In order to ensure that the Group's procurement activities are conducted in a fair, open and just manner, promote the construction of integrity and honesty, prevent commercial bribery and unfair competition, and protect the legitimate rights and interests of all parties in the procurement activities, the Group has formulated the Integrity and Honesty Commitment as an appendix to the contract, requiring all suppliers to sign relevant Commitment during the access stage, and clearly establishing a transparent and sustainable cooperation relationship with suppliers.

The Group has set up a risk control and audit centre, which is responsible for the Group's internal process control standards. The department will assess and investigate whether there are any dishonest behaviours or risks during each internal audit of each process, identify defects in the design of each process, continuously improve the anti-corruption management system, and provide relevant training to employees to prevent any control loopholes.

The Group has opened up channels for complaints. Any person, including the Company's shareholders or persons intending to become shareholders, customers or consumers, suppliers or contractors, the Company's directors and employees can file a complaint with the Company. The Group will consider and handle each complaint in a fair and efficient manner, and promise that all complaint information will be kept strictly confidential to protect the personal safety of each complainant from infringement.

The Group strictly complies with the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery and other laws and regulations. In FY2021/22, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.

4.2 Intellectual Property Protection [1]

As one of the earliest domestic enterprises engaged in research, development and application of IoT technology, the Group has been cultivating in the field of IoT for nearly 20 years and possesses a number of patented technologies. Therefore, the Group attaches great importance to the maintenance and management of intellectual property rights, strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, ensures that all patent applications and management comply with legal standards and procedures, and prevents infringement of other intellectual property rights. The requirements for the protection of intellectual property rights are set out in the Intellectual Property Rights and Confidentiality Agreement. All senior management personnel of the technical department must sign the agreement with the Group and agree to protect the intellectual property rights of the Group.

Intellectual property rights are the cornerstone of the Company's innovation and development. In order to encourage employees to actively participate in the research and development and innovation of the Company's core technology and improve the Company's competitiveness in the market, the Group has formulated the Patent Reward Management System to provide incentives to relevant employees according to each newly successfully applied patent. For each patent that has been identified by the Group's chief technology officer as an invention patent that makes a major breakthrough in the Company's technology and brings large-scale sales benefits, the Group will also provide satisfactory incentives to relevant employees. In order to protect the Group's reputation and interests, the Group engages third-party professional agencies to assist in the application process when applying for various intellectual property rights, and to identify whether there will be any infringement of the intellectual property rights of others.

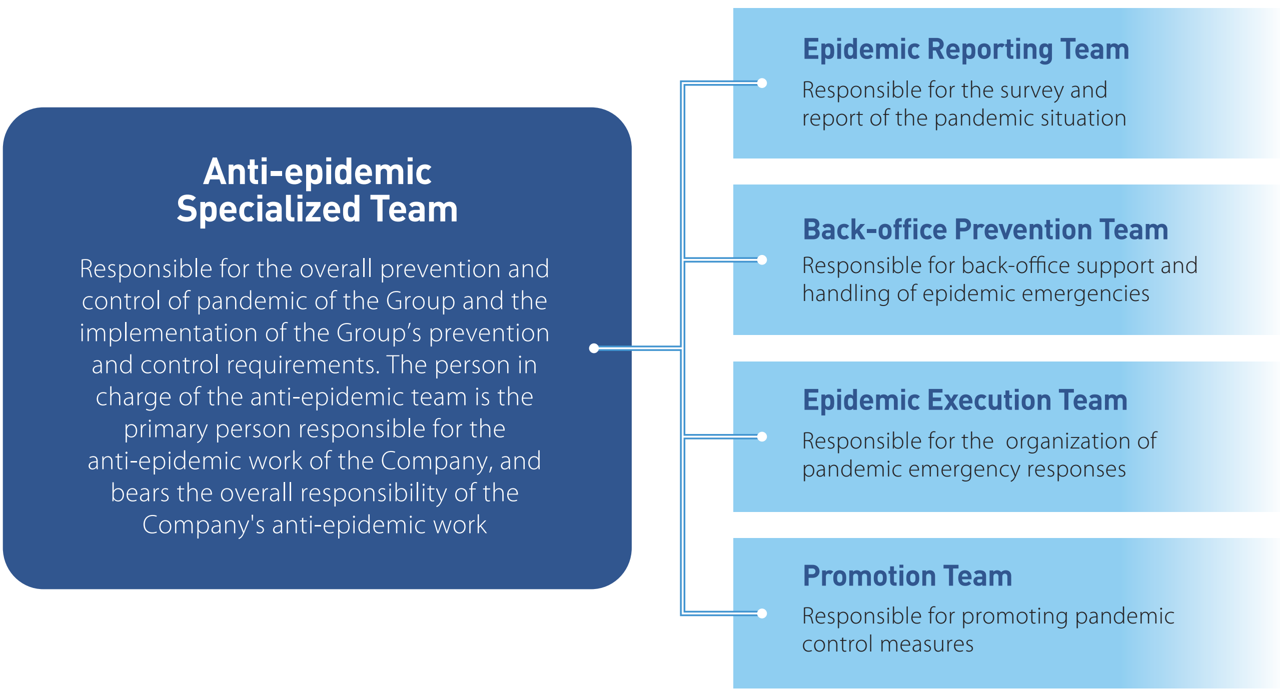
As at the end of the Reporting Period, the Group had 59 patent registrations, 30 trademark registrations and 72 copyright registrations, with 17 new patent registrations and 12 software copyright registrations. During the Reporting Period, the Group did not identify and was not aware of any incidents of non-compliance with laws and regulations relating to the protection of intellectual property rights.

1 The statistical data mainly include the intellectual property rights held by IBO Information, IBO Communication and IBO Information Technology as of 31 March 2022.

5. COMBATING COVID-19

Since the outbreak of COVID-19 pandemic from the beginning of 2020, the Group has paid great attention to its developments and impacts and actively followed the policies issued by local and central governments. During the Reporting Period, the COVID-19 pandemic basically realised the dynamic clearance of the society. The pandemic was generally under control, but the situation of prevention and control was still severe. Therefore, in order to effectively implement the government's requirements for the prevention and control of COVID-19, respond to the epidemic in a scientific and effective manner, and ensure the safety and health of all employees, the Group has established a special group for anti-epidemic in combination with the actual situation of each subsidiary to grasp the direction of all employees during the holiday period, pay attention to the health status of employees at any time, and find out that employees are involved in the epidemic, high-risk areas or abnormal health conditions, and report to the chairman and president of the Group in a timely manner, and negotiate follow-up treatment measures to minimise the impact of the epidemic on the Group's operations. In addition, the Group also issued emergency response plans for epidemic prevention and control, regularly conducted epidemic prevention training for employees, and encouraged employees to receive vaccination to ensure the health and safety of employees. During the Reporting Period, a total of 191 employees of the Group were vaccinated, of which 165 employees were vaccinated against the third dose, 22 employees were vaccinated against the second dose and 4 employees were vaccinated against the first dose. Other employees who have not been vaccinated due to physical problems.

Anti-epidemic class chart



During the pandemic, the Group implemented the following pandemic prevention measures to ensure the safety of each of its employees:

- Provided employees with protective masks and 75% alcohol-based disinfectant regularly for use by employees for sterilisation and disinfection;
- Implemented online attendance marking for commuting to and from work to reduce unnecessary contact among personnel;
- Cleaning staff to sanitize the office area twice a day;
- Checked the body temperature of people entering the office area, and only those employees with normal body temperature can enter the office area;
- Improved employees' awareness of epidemic prevention by posting publicity slogans and setting up waste masks for recycling;
- Set up temporary isolation rooms in the office area, and implement quarantine policy for those suspected of being infected;
- Issued the Notice on the Requirements for Epidemic Prevention and Control during the Spring Festival of 2022 during the Spring Festival to ensure the work arrangements of employees during and after the Spring Festival, and strictly prevent the rebound of the epidemic;
- Every visitor to the Company was required to provide the current epidemic prevention policy, which stipulated the valid health code and travel code, measured body temperature, registered personal information and wore a good mask before entering the office area, etc.

For employees whose community quarantine policies have been implemented by the local government due to the outbreak of the epidemic in the region, the Group always pays attention to their health status, contact employees from time to time to see whether they have any needs and assist in arranging work from home. The Group is pleased to announce that, thanks to its employees' strict compliance with the Group's epidemic prevention policies and measures, the Group has not experienced any cases of COVID-19 infection among its employees.

6. EDUCATION AND POVERTY ALLEVIATION

In order to promote the development of social welfare undertakings and the construction of a harmonious society, the Group fulfils its corporate social responsibilities by giving back to society, paying close attention to social issues and integrating social development needs into its corporate business decision-making. The Group actively responds to the appeal of targeted poverty alleviation proposed by the state pursuant to the provisions of the Charity Law of the People's Republic of China, focuses on social services, educational support, charitable donations and other aspects and actively carries out public welfare activities.

IBO always regards social responsibility as part of corporate responsibility. The Group advocates injecting scientific and technological strength into charity and creating more value for the society. It has been paying attention to the needs of the society, supporting social activities organised by the government and non-governmental organisations, and striving to achieve the coordinated development of enterprises and society. In January 2018, the Group established the "IBO Charity Fund" to implement the purpose of poverty alleviation and education assistance. Since the establishment of the Foundation, it has successively carried out a series of charity projects to help more disadvantaged people in the society. During the Reporting Period, in order to carry forward the humanitarian spirit, put people first, help the poor, and light up the dreams of students, the Group donated a total of RMB one million to Shenzhen Charity Association for the purpose of poverty alleviation and teaching assistance. The "IBO Charity Fund" will continue to pay attention to the development of education in China, care for poor families with practical actions, and continue to actively participate in the construction of education infrastructure, support of education project plans, and help poor students.

7. THE GROUP'S PRODUCTS

7.1 Research and Development of Products and Technologies

The Group has powerful technical team and R & D capability comprising of a batch of high quality talents possessing doctoral degree and master's degree. The Group has obtained over 100 innovation patents, patents for utility models and patents of software copyright in aggregate for the Group's core technology with self-developed intelligent property. Also, the Group shares a wide range of technology and starts industrial and academic cooperation with renowned colleges and universities and scientific research institutions in PRC. Numerous joint research and development projects and transformation of technological achievement in artificial intelligence, big data, cloud computing, block chain, edge computing, 5G and biotechnology have effectively promoted the Group's technology advancement and innovation capacity.

Products and services of IBO

Intelligent Terminal Products

The Group preconceived and actively explored the application scenarios of 5G technology in different industries, covering smart communities, smart medical care, smart education, smart factories, and worked with different enterprises and institutions to explore the in-depth application of 5G technology in different industries. In 2021, China proposed the "14th Five-Year" new infrastructure construction plan, which proposed to vigorously develop the digital economy, expand 5G applications, and accelerate the construction of industrial Internet and data centers. Relying on the accumulated and integrated application experience of 5G technology in different industries over the years, the Group has taken the lead in the rapid development stage of 5G industry application.

System Integration

Through refined project management, processes, working methods and tools, and by virtue of the Group's technical service team with excellent design, development, testing, deployment, management and maintenance capabilities, the Group provides comprehensive and customised system solutions for different customers, including overall system planning, development and design, system equipment procurement, system software and hardware equipment integration, system implementation and trial implementation, and system management and maintenance, strive to create value for customers and society, and provides high-quality and efficient system integration services. The Group has successfully developed a number of software and hardware products, such as intelligent park intelligent system gas cylinder intelligent supervision system, college teaching information cloud platform, large-scale central enterprise data integration platform, intelligent transportation system, petrochemical operation management system platform, automatic control system, corporate information platform, vehicle intelligent supervision system, asset management system, intelligent inspection and personnel positioning system, etc. Through the integration of external resources and internal optimisation, the Group has formed a complete set of complete solutions, which have been successfully implemented and accepted.

Products and services of IBO

Operation and maintenance services

IBO has designed and developed an operation and maintenance service management software platform for operation and maintenance service management, providing strong support for operation and maintenance management and assessment. Professional IT basic operation and maintenance services and IT operation outsourcing services enable its customers to achieve the goals of reducing costs, improving efficiency and fully demonstrating their core competitiveness. At present, the Group builds and operates a provincial data center and 15 prefecture-level data centers, integrates and operates more than 2,000 gas stations and more than 1,000 card issuing outlets, and sets up an operation and maintenance management center in Guangzhou and establishes operation and maintenance service outlets in 23 prefecture-level cities, so that the service network covers the entire Guangdong Province.

Software development

IBO plans and designs the software system framework and function list for customers according to its business and management needs and provides customised software application development services. At the same time, IBO uses the Internet of Things technology to collect data into the data service platform, and the platform analyzes and processes the data, thereby providing more advanced dynamic data application services.

Major R & D Projects of IBO in 2021/2022

5G millimetre wave base station	The 5G private network system developed by IBO Communication Company Limited has the advantages of safety, efficiency and scalability, which can help enterprises quickly break through data barriers, realise business integration, independent equipment network and authentication management, and provide a platform for enterprises to build data value. The 5G private network system, which integrates wireless, fixed-line and broadband networks, and covers the entire industry communication Internet through privatisation deployment and physical isolation, provides a rich interface solution for the rapid introduction of third-party applications, and greatly improves the connexion quality and communication capability of information business. Compared with traditional OTT, it has higher security protection capability, breaks geographical restrictions, and achieves interconnection between cross-system and cross-network terminals.

Major R & D Projects of IBO in 2021/2022

ITAI Products

Since the development of the "Digital Economy" and the construction of "Digital China" are the important goals of China in the "13th Five-Year Plan" and "14th Five-Year Plan", the Group has prepared and actively sought its own position in the ITAI industry. The Group believes that the design and development capabilities of ITAI products are very important for industry application promotion. The Group's technical team has extensive experience in the design and development of motherboards for desktop computers, notebook computers and industrial mobile terminal products. Therefore, it has invested substantial resources in the research and development of various ITAI products and achieved satisfactory results during the Year. It has successfully developed a variety of ITAI products and launched the products into the market, which have been recognised by a wide range of customers. For details on the achievements of ITAI products during the Year, please refer to the section headed "Major Cooperation Projects entered in into for the Year" in this Annual Report.

In addition, the Group also hopes to help China accelerate its goal of becoming a technologically advanced country when developing ITAI's business. The Group actively trains employees to become ITAI talents, continues to promote the concept of ITAI to the Group's customers, and launches more high-quality and efficient products, so that China's ITAI industry can truly get rid of the vicious circle of "no one wants to use it, no one uses it, no benefit, no one produces it, which leads to even more unwillingness to use it".

GK140

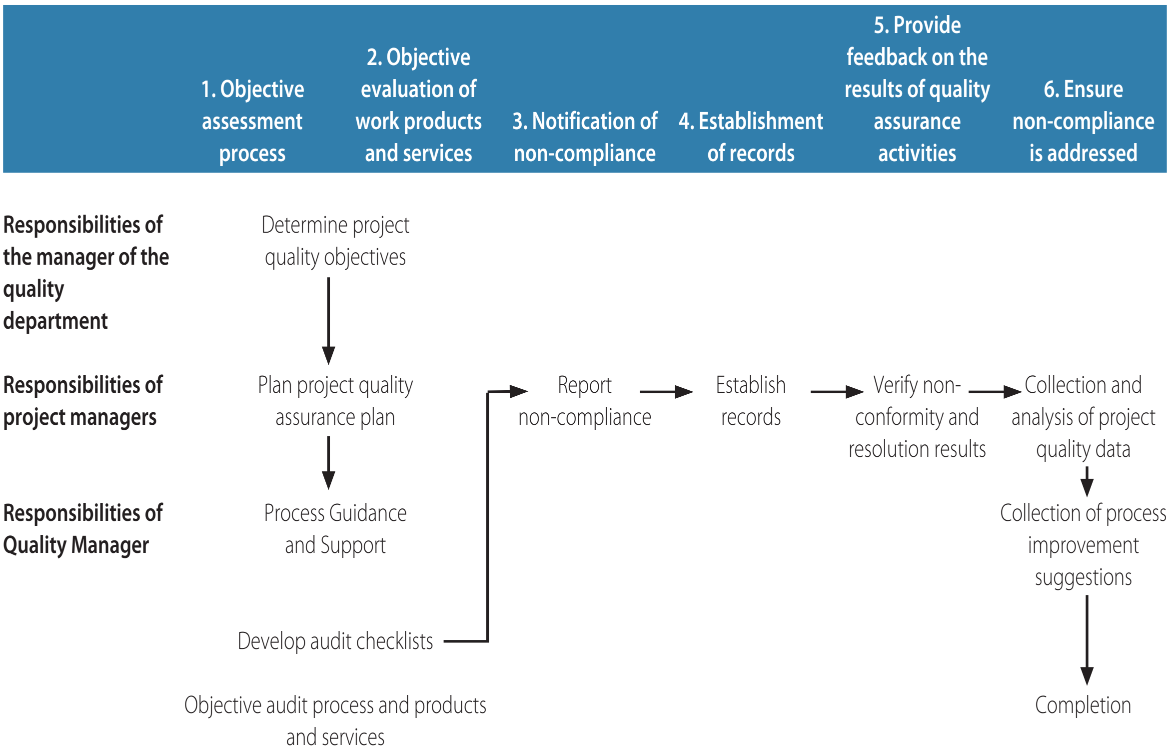
GK140 is the Group's first ITAI product that has been launched into the market. The product adopts the domestically produced devices, uses the domestic operating system and tens of thousands of domestically produced software, and can meet the needs of office, study and entertainment. In addition, the product will also pass China's national compulsory product certification in 2022 and meet the national energy efficiency and energy conservation standards. The Group also has several product projects in the process of relevant certification and approval, which are expected to be launched in the market in the near future.

7.2 Product Quality Control

The Group implements strict quality control from the source of the supply chain to the sales terminal, and advocates the "craftsmanship spirit" of excellence to do a good job in products. The Group actively promotes the certification of the quality and safety system. During the Reporting Period, the Group continued to pass the ISO9001: 2015 quality management system certification. In accordance with the standard management system, the Group has established quality management regulations and operation manuals applicable to its own products, and has established clear system guidelines for supplier management, entrusted processing, raw material acceptance, semi-finished and finished product acceptance. The Group earnestly performs management and supervision functions to ensure high quality assurance of raw materials and finished products. For the supply from suppliers and third-party manufacturers, the Group will carefully test the raw materials and finished products to ensure compliance of the contract requirements. Only qualified raw materials or finished products can be delivered to third-party manufacturers or customers. Any raw materials or finished products that do not meet the Group's quality standards, specifications and requirements are returned to suppliers or third-party manufacturers for exchange, return or re-production.

The Group also implements quality standards and quality control procedures for the Group's software products to ensure that product designs meet the quality requirements of the Group's customers and place emphasis on continuously improving the quality of the Group's software products. The Group reviews and inspects the quality requirements and targets status at different stages of project design, development and completion. By conducting a series of system tests and programme tests, the actual results are compared with the expected results, in order to find any differences and areas for improvement, and strive for excellence. Therefore, the Group ensures that each customer's needs are met and that the standard and outcome of every product is consistent. The Group has also formulated internal control procedures for product traceability to understand the quality status and traceability of products in the production process, and label and trace the products in each production process, so that when any quality problems are found, the Group can immediately identify the source of defects in the production process, quickly identify the batch of defective products and recall the products as needed, rectify the problems and prevent future recurrence. In 2021/22, the Group did not recall any products due to safety and health issues.

Quality Assurance Process and Responsibilities of Quality Department



7.3 Customer Service

The Group arranges dedicated personnel to communicate with customers before, during and after projects for products and services, to understand customer needs, protect customer rights and interests, and continuously improve its service quality. The Group will understand the expectations of customers in detail from the communication process before the commencement of the project, design a project plan that is satisfactory to customers in the interests of customers, and closely communicate with customers on the progress of the project, as well as its opinions on quality and services during the project implementation process. Training plans and teaching materials will be provided to customers when necessary to ensure that customers clearly understand the use of its products. After the completion of the project, the Group will also provide customers with timely maintenance services and technical consulting, and collect feedback from customers on the quality of the Company's products and services, which will be passed to other relevant departments to continuously improve the quality of products and services. If the Group customers are not satisfied with the quality of its products and services or have concerns about the safety of its products and services, the Group has also established sufficient channels and personnel to enable the Group customers to communicate with its technical or after-sales service personnel and to resolve their concerns as soon as possible. The Group did not receive any complaints caused by product and service quality issues in 2021/22.

7.4 Customer Information and Privacy

The Group strictly abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Cyber Security Law of the People's Republic of China and other laws and regulations, and has formulated the IT Information Security Management System to ensure that internal employees of the Group handle various information in accordance with the relevant system and avoid any leakage of customer information that may lead to network security incidents. The Group fully protects the rights and interests of customers, properly handles customer privacy information obtained through purchase channels, and has formulated relevant internal control procedures to protect customer data, put forward clear guidelines for the collection, storage, use and destruction of customer data, and take multiple measures to prevent leakage. Meanwhile, the Group has established a series of control procedures relating to data security such as firewall, password policies, user management, server room regular inspections, etc., to minimise the risk of customer data leakage. In addition, the Group also emphasises the importance of customer data confidentiality through email reminders, training and daily communication, and regularly inspects various security and confidentiality measures. The confidentiality requirements of customer information are set out in the Employee Handbook and the Anti-corruption Code of Conduct. New employees are required to sign a confidentiality agreement with the Group, agreeing to keep the Group's data including customer data confidential.

7.5 Operational Compliance

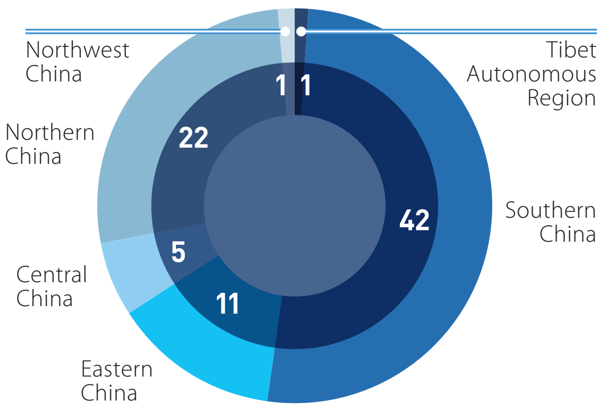
The Group has strictly complied with the Product Quality Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. In FY2021/22, the Group was not aware of any material non-compliance with laws and regulations relating to product and service quality.

8. SUPPLY CHAIN MANAGEMENT

The Group has always adhered to the honest operation and interactive win-win business philosophy, and continued to optimise the management of the supply chain. Through a scientific and strict supplier selection and evaluation system, a sound supplier performance evaluation method, and a fair and impartial evaluation system, the Group creates a good competitive environment for suppliers and guarantees quality from the source of products.

In 2021/22, the Group maintained partnerships with 82 suppliers, all of which were included in the Qualified Supplier Catalogue after passing the supplier evaluation mechanism review. Among them, 61 suppliers have signed the Integrity and Honesty Commitment to protect the legitimate rights and interests of both parties in the procurement activities. The chart below shows the number of suppliers by region.

Number of Suppliers by Region



8.1 Supplier Evaluation Mechanism

In order to strengthen the bilateral cooperative relationships with suppliers, the Group has established long-term friendly cooperative relationships with them based on the principles of mutual benefit and common development to prevent the risk of procurement business. The Group attaches great importance to the communication with suppliers to strengthen the Group's requirements on the product quality and service of suppliers. In accordance with the Supplier Evaluation Process formulated by the Group, the Group incorporates technical indicators, quality control standards, and environmental and occupational health and safety management systems into the scope of supplier evaluation, as well as collects and reviews the Group's business licences and qualification certificates. In order to better evaluate the actual situation of suppliers in fulfilling social responsibilities, when necessary and feasible, the Group visits and inspects its suppliers' production environment, packaging materials, employee management and other social benefit factors on site, laying a foundation for promoting their better performance of social responsibilities in future cooperation, and ensuring that they meet the assessment conditions. Only those who pass the review can be included in the Qualified Supplier Catalogue. At the same time, suppliers must commit to complying with relevant laws and regulations. In order to achieve the Group's environmental and social risk management policies, the Group will also communicate with suppliers in a timely manner and request their cooperation to commence relevant management measures.

In addition, the Group formulates an annual supplier assessment plan every year. The project team, quality department and procurement department jointly evaluate whether the supplier's performance meets the standards, analyse the reasons for the failure to meet the requirements of suppliers, and formulate corrective and preventive measures to ensure that all suppliers selected in the procurement process are high-quality suppliers. During the Reporting Period, the Group added 34 new suppliers and conducted an annual assessment on 82 suppliers in accordance with the admission and annual review process of relevant suppliers, with a passing rate of 100%.

8.2 Supply Chain ESG Management

The procurement supply chain management is based on the procurement of products through the standard fixed-point, pricing and ordering process. Supply chain risks focus on quality risks, market risks, safety, etc. Strengthening the supply chain environment and risk management and control is the business relationship between enterprise product demands and suppliers, and is gradually optimised to form an excellent supplier group. The Group communicates with suppliers on a regular basis to discuss issues such as procurement strategy and product quality. By maintaining long-term and stable cooperation, suppliers can develop and improve together with the Group, and suppliers with long-term cooperation can also ensure relatively stable business cooperation, thereby maintaining their healthy development.

The enterprise procurement supply chain is an important component of the enterprise supply chain system. It is the key to improving the quality of an enterprise and saving costs. To establish an enterprise procurement supply chain system, the Group first needs to incorporate all aspects of enterprise procurement into the entire system to ensure the smooth flow of information among all aspects of the procurement process and increase work efficiency. Meanwhile, the sharing of information and the rational use and allocation of resources will bring the greatest benefits to the enterprise.

In order to adapt to the development trend of environmental protection and ensure that the materials supplied by each supplier comply with the requirements of environmental protection and the laws and regulations on environmental protection (ROHS), the materials and products sold by suppliers to the Group shall not contain substances prohibited by the ROHS Directive. In order to meet the Group's environmental protection needs, all raw materials must have testing certificates, and electronic components must meet the ROHS limit requirement in environmental management.

9. EMPLOYEE-ORIENTED

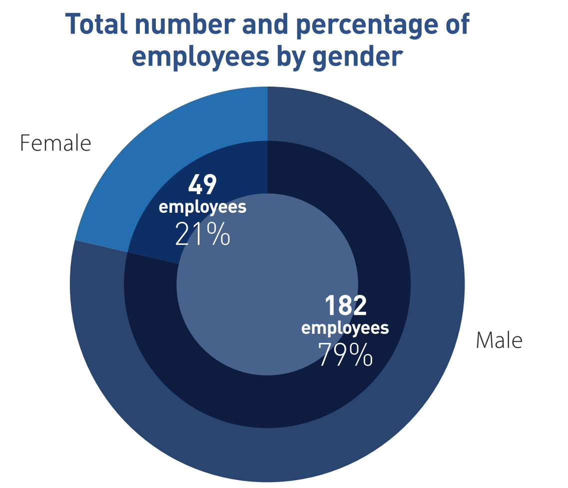
The Group strictly abides by the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and other relevant laws and regulations, formulates various internal rules and regulations on human resources management, and cooperates with the risk control and audit centre to continuously improve the Group's human resources management system every year to ensure employment compliance and employees' legitimate rights and interests are reasonably protected.

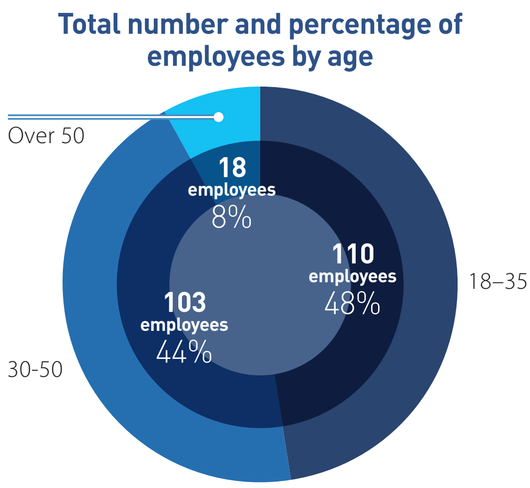
The Group firmly believes that talent is one of the Group's important assets. A working environment which provides equal opportunities for employees is the cornerstone for retaining talents and long-term business development. In order to show the Group's respect for the diversity of talents, the Group regards fairness and equality as the basic principles of human resources management. All applicants and employees enjoy equal treatment in recruitment, promotion, remuneration and benefits, training and development, and will not be discriminated against due to their age, race, gender, family status, marital status, religion, disability, etc.

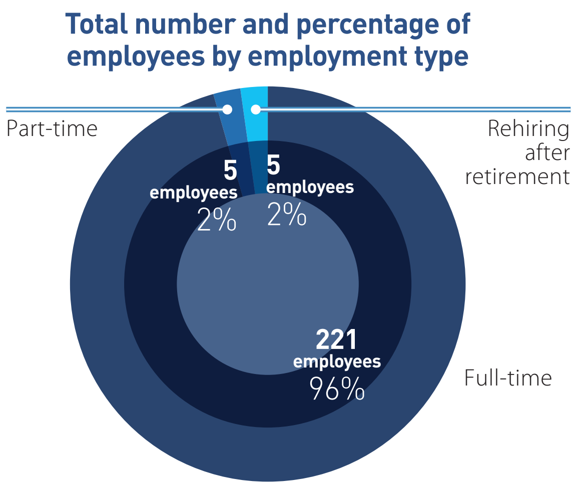
During the Reporting Period, IBO Communication, a subsidiary of the Group, passed the certification of the SA 8000: 2014 Corporate Social Responsibility Management System, which further confirmed that the Group's employee management system complies with the requirements of the United Nations Declaration of Human Rights, the International Labour Organisation Convention, international human rights standards and the national labour laws. However, the Group will not take this as the end point. The Group will continue to optimise its systems and policies, regard employees as the Group's foundation, and put forward various employee care measures and policies to achieve the coordinated development of the enterprise and employees.

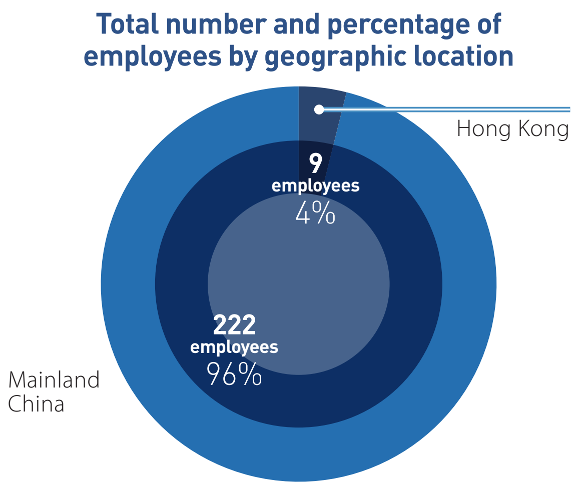
9.1 Recruitment and Dismissal

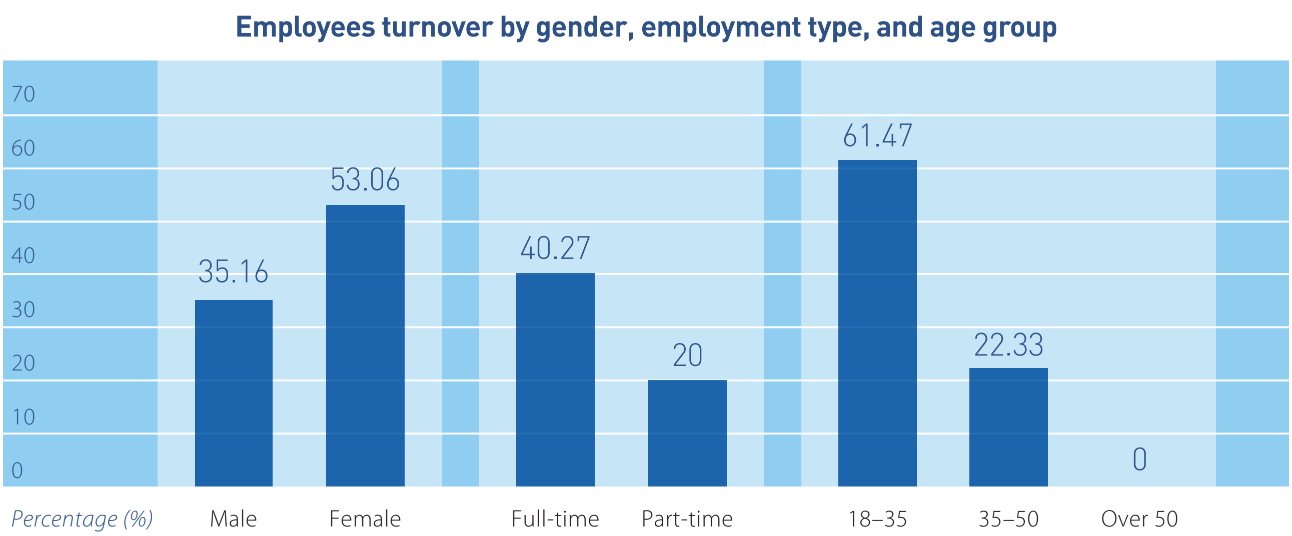
The Group adopts the recruitment principles of integrity and ability, merit-based recruitment and fair competition. The Group's recruitment adopts the an objective assessment model. The job requirements are expressly listed before recruitment, and selection process is conducted through various channels such as external recruitment, online recruitment and campus recruitment. Candidates need to go through the written test, interviews and background check, so that the Group can consider its abilities, experience, work attitude and other qualities. Recruitment principles, recruitment selection and recruitment processes have been included in the Employee Handbook and Recruitment Management System. In addition, the Group has formulated and further improved the Employee Departure Management System to ensure that the departure is carried out in an orderly manner, including specifying the departure auditing process and the arrangement of departure handover, so as to protect the rights and interests of both employees and the Group. The system also sets out the conditions for terminating labour contracts, such as violation of national laws and regulations and serious disciplinary violations, and shall not dismiss employees without reason. In case of dismissal or termination of employees, the Group has provided sufficient and reasonable compensation to employees in accordance with laws and regulations. In order to establish and improve on talent introduction channels and promote rapid replenishment of talents needed for the development of the Company, the Group formulated the Recruitment Award Management System (Trial) during the Reporting Period to mobilise and motivate internal employees to recommend external talents that meet the job recruitment needs to join the Group.


Total number and percentage of employees by gender
Female
49 employees 21%
182 employees 79%
Male


Total number and percentage of employees by age
Over 50
18 employees 8%
110 employees 48%
18–35
103 employees 44%
30-50


Total number and percentage of employees by employment type
Part-time
Rehiring after retirement
5 employees 2%
5 employees 2%
221 employees 96%
Full-time


Total number and percentage of employees by geographic location
Hong Kong
9 employees 4%
222 employees 96%
Mainland China


Employees turnover by gender, employment type, and age group
70
60
50
40
30
20
10
0
35.16
53.06
40.27
20
61.47
22.33
0
Percentage (%)
Male
Female
Full-time
Part-time
18–35
35–50
Over 50

9.2 Remuneration, Benefits and Promotion

The policies and regulations related to remuneration, benefits and promotion are set out in the Employee Handbook, the Performance Appraisal Management System, the Salary Management System, the Employee Leave Management System, the Attendance Regulations and the Labour Contract. Meanwhile, the Group's remuneration and benefits, including subsidies, bonuses, social insurance and housing provident fund, are determined in accordance with the requirements of local laws and regulations, the market salary level, business performance and the results of employee performance appraisal, with an aim to provide attractive salary to retain talents and recognise their contributions. The Group has ensured its employees have reasonable working hours and adequate rest time, as well as leaves (including annual leave, marriage leave, maternity leave, bereavement leave, statutory holidays, etc.). In addition, the Group also provides non-statutory employee benefits, such as purchasing group accident commercial insurance, providing free health check-ups and holiday gifts, etc.

The employee performance appraisal is based on the principles of objectivity and fairness, and the performance of employees is evaluated by business indicators, work task indicators, attitude and ability indicators, and the work results of employees are measured by quantitative principles, and the same appraisal standards are adopted for employees in the same position. Not only will the result of the performance appraisal be applied to pertinence the compensation and bonus of the employees, but it will also become their foundation for promotion.

The Group holds various kinds of team-building activities every year, including sports activities, outdoor activities, birthday parties and so on. Holding diversified activities is beneficial to enrich the Group's staff's life and enhance the corporate cohesion.

Employee activity highlights

Mid-Autumn Festival Event

Goddess Day Event (Women's Day)

Staff dinner

9.3 Safety Risk Management and training

The Group strictly complies with relevant laws and regulations such as the Labour Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Measures for the Administration of Occupational Health Surveillance and the Regulation on Work-Related Injury Insurances. The Group regards the protection of employees' health and safety as a high priority. The Group is committed to maintaining a safe, healthy and productive workplace for employees, take prevention as the governance policy, and adopts measures focusing on hazard management and risk assessment. In order to ensure that the Group can effectively control occupational health and safety risks, it has continuously improved the occupational health and safety management system, implemented the Environmental Safety Operation Control Procedures, and passed the ISO45001: 2018 Occupational health and safety management system certification, striving to provide a safe and healthy working environment for employees.

In response to the safety risks in the workplace, the Group has identified and evaluated major occupational health and safety hazards in the business scope, and adopted effective control measures for major hazards. The Group's operation centre conducts weekly inspections and regular audits of the workplace, and arranges security personnel to conduct 24-hour inspections. Abnormalities are immediately handled and corrective measures are implemented, and the results reported to the management. The Group has established an accident handling mechanism and formulated an emergency plan. In the event of a safety incident, the Group will control the situation as soon as possible according to the internal mechanism and conduct an after-action review. The Group understands the importance of preventative measures and encourages employees to report to the management on various possible occupational health and safety accidents, incidents and natural disasters. In regard to third-party manufacturers, the Group carries out environmental safety information exchange, issues the Environmental Safety Control Requirements and requires the manufacturers to commit to complying with health and safety related requirements in the contract.

Training and education can enhance safety awareness of employees, which is the primary way to reduce the number of safety incidents. In order to improve work efficiency and reduce the probability of small safety accidents, the Group requires personnel involved in work safety risks to receive special pre-job safety technical training. If equipment operations are involved, the Group requires relevant personnel to present qualified operation certificates obtained from national institutions. Moreover, the Group evaluates the ability of its employees who perform maintenance on a monthly basis, encourages staff to follow its guidance and safety measures proactively. The Group also organises employees to participate in fire prevention, electric shock prevention and fire drills every year to improve their fire safety awareness and response skills.

The Group has conducted regular safety inspections, supervision and audits to ensure compliance with laws and regulations. In FY2021/22, the Group was not aware of any material non-compliance with laws and regulations relating to employee health and safety. The rate of work-related fatalities and lost days due to work injury were 0% and 0, respectively.

Photos of fire safety drills

9.4 Employee Training Management

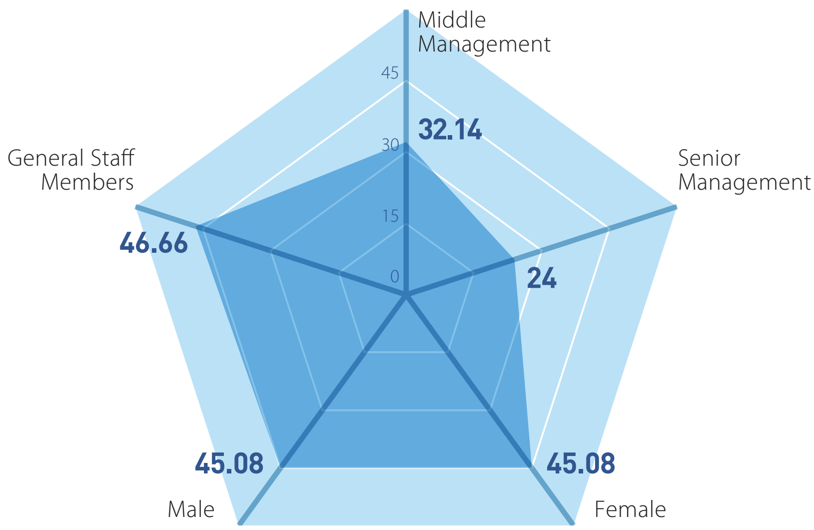
The training structure of the Group is "recruitment, in-service and further improvement", aiming to continuously improve the profession level and job skills of employees, in order to meet the needs of sustainable development of the Company. The Group's training policies and systems are described in the Internal Training Management System and the External Training Management System, and internal or external training is arranged based on factors such as training content, training targets and training fees. The Group evaluates the development needs of staff on a regular basis, provides supports and encourages them to fulfil their potentials in full and achieve self-development. Through induction training, the Group helps new employees to understand the basic business process, rules and regulations, corporate culture and organisational structure as soon as possible to help them integrate into the enterprise. As for the employees in service, the training contents will focus on the knowledge of professional skills and job requirements. It combines with a variety of teaching methods such as theory-discussing meeting, courses, multimedia, on-site demonstration and detailed textbooks to convey knowledge and skills. The Group organises meetings between the chairman and the Group's staff, achieving communications across levels. The human resources department of the Group pays close attention to the status of each employee in real time, and keeps abreast of the demands, work status, position planning of each employee and the suggestions and expectations of the Company or superior management. The Group also regularly holds team building training to enhance team spirit among employees. For potential employees, the Group will provide further training, including cross-departmental comprehensive training or arrange employees to participate in external professional training. The Group will also receive subsidies for training fees after approval by the management, so as to further improve the professional knowledge and skills of employees. For the management staff, the Group also provides training to enhance their integrated management skills, such as strategy management, resource management and personnel management.

Total training hours of employees for the year exceeded
10,000 hours,
with an average of **45.08** training hours per employee

In order to provide training that is more suitable for the actual needs of employees, the Group conducts an annual training demand survey, and formulates an annual employee training schedule based on the needs of various departments and the Group's business objectives. The Group will also monitor and review the implementation of the training forms, make timely adjustments, and evaluate the training effectiveness based on employee satisfaction, learning effectiveness, work performance, attendance rate, etc.

In addition to paying attention to the professional knowledge training of employees and the transmission of corporate culture, the Group carried out the "Building IBO Product Trainer" project to train the Group's internal lecturers, strengthen the understanding of employees on products, and improve employees' communication ability, leadership ability and strategic thinking, so as to promote employees to improve their competitiveness and realise the development of employees and the enterprise. In addition, during the Year, the Group also provided various professional knowledge training programmes, such as the "Staff Training Course for Brothers Chain Store System" for sales and sales support staff, the "RFID Electronic Label Product Training", "Product Management Training", "Project System Operation and Maintenance Training", "Information System Integration and Development Training" for R&D staff, and the Group's business training courses for middle and senior management, so as to achieve high-quality and technical training throughout the Group.

Average Number of Hours for Completed Training Per Employee by Gender and Category (Hours)



9.5 Anti-child and Anti-forced Labour

The Group strictly abides by the relevant laws and regulations such as the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors and the Provisions on the Prohibition of Using Child Labour. The Group strictly prohibits the employment of employees under the legal working age in the places where it operates. The Group adopts a comprehensive screening and recruitment process, conducts regular inspections and reviews, registers the valid identity documents of each new employee, and checks the age of employees to ensure that they meet the local statutory requirements. In addition, the Group explains the labour contract to each new employee, and the employee signs and agrees to the terms of the labour contract, and decides not to allow forced labour within the Group. Once child labour or forced labour is found, the Group will thoroughly investigate the case and dismiss the relevant employees in real time.

9.6 Employment Compliance

During the Reporting Period, the Group was not aware of any material non-compliance with the applicable laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and the use of child and forced labour, and there were no cases of labour disputes.

10. ENVIRONMENTAL PROTECTION AND LOW-CARBON OPERATION

The Group attaches great importance to environmental responsibility and has identified laws and regulations related to the environment that have a significant impact on the Group, including the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and has ensured that the Group strictly complies with the relevant environmental laws and regulations. The Group has also formulated environmental assessment procedures to continuously strengthen the Group's control and management of greenhouse gas, exhaust gas, wastewater and waste, and help the development of national green ecological construction.

10.1 Emissions Management

In accordance with the ISO14001: 2015 Environmental Management System, the Group has formulated and further improved the Procedures for Identification and Evaluation of Environmental Factors, and regularly identifies environmental factors in activities, products or services according to the procedures, screens and evaluates important environmental factors, so as to implement effective management measures for important environmental factors. The Group conducts quantitative assessment on environmental factors based on criteria such as frequency of occurrence, scope and degree of impact, sustainability of environmental impact and public concern, and formulates and implements environmental management plans, operation instructions and sets up environmental control points when appropriate based on the assessment results, so as to effectively ensure the compliant disposal of waste and continuously reduces the impact of production and operation on the environment.

The design and sales of intelligent terminal products, one of the Group's four business lines, involve production and the Company employed third-party manufacturers to process and assemble products based on the prototypes designed by it. Other businesses, including system integration, software development and system maintenance services, do not involve production and do not have a direct impact on the environment. The newly added production plant during the Reporting Period only involves the assembly process of parts, which does not generate any significant greenhouse gas emissions or hazardous and non-hazardous wastes.

For third-party manufacturers, the Group will inform them of the environmental policy, require the third-party manufacturers to cooperate in carrying out environmental management business, and where feasible, conduct on-site inspection of environmental related matters with the relevant parties. The Group also actively discusses with third-party manufacturers on major environmental issues such as exhaust gas, sewage, soil pollution and waste, with an aim to promote third-party manufacturers' awareness of environmental management and urge them to strictly comply with environmental laws and regulations.

10.1.1 Greenhouse Gas and Air Emissions Management

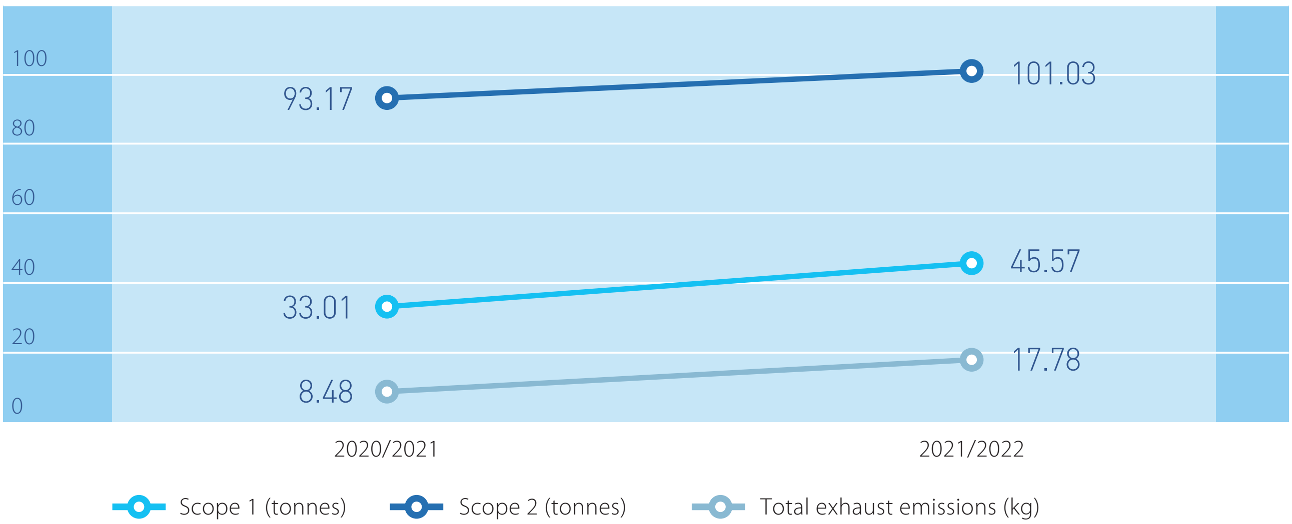
The greenhouse gases and exhaust gases emitted by the Group mainly come from the use of electricity in offices and the use of gasoline vehicles. The Group has formulated the Guidelines for the Use of Private Vehicles to regulate the use of private vehicles and encourage the use of vehicles with better fuel efficiency. The Group has a number of conservation measures in place to reduce vehicle exhaust and greenhouse gas emissions. For example, drivers are encouraged to plan routes in advance before using vehicles. For example, passengers are arranged to use the same vehicle at the same or close destination to shorten the travel distance and reduce fuel consumption; drivers are required to switch off idling engines to reduce energy consumption and waste gas; vehicles are regularly repaired and maintained to improve energy efficiency and reduce fuel consumption and waste gas emissions due to parts failure; the concept of green travel is promoted and employees are encouraged to use public transportation or walk and commute as much as possible. The Group also pays attention to the carbon emissions caused by business travel and actively implements a number of measures, such as making good use of various communication tools to communicate with business partners to reduce the use of vehicles and the number of business trips, thereby reducing the generation of greenhouse gases and exhaust gases.

For the management of electricity consumption in the office and assembly workshop, the Group has also formulated relevant management systems to minimise the greenhouse gases generated in the Group's operations and implement the Group's low-carbon operation policy. For the management measures of electricity conservation, please refer to the section headed "10.2.1 Electricity Efficiency" in this ESG Report.

In 2021/2022, the Group generated approximately 16.32 kg, 0.26 kg and 1.20 kg of nitrogen oxides, sulphur oxides and particulate matter from the use of gasoline and diesel vehicles, respectively. The total exhaust emissions increased by 9.30 kg or 109.67% compared with the previous year (2020/2021: 7.73 kg of nitrogen oxides, 0.18 kg of sulphur oxides and 0.57 kg of particulate matter, and the total exhaust emissions were 8.48 kg). Such increase was mainly due to the increase in the number of business trips during the Year.

In 2021/2022, the Group's Scope 1 GHG emissions from the use of gasoline and diesel vehicles amounted to approximately 45.57 tonnes (2020/2021: 33.01 tonnes); Scope 2 greenhouse gas emissions due to the consumption of purchased electricity were approximately 101.03 tonnes (2020/2021: 93.17 tonnes) in total, and the total greenhouse gas emissions were approximately 146.60 tonnes in total, with an intensity of approximately 0.02 tonnes per square metre of operating sites (2020/2021: 126.18 tonnes in total, with an intensity of 0.03 tonnes per square metre of operating sites); Total GHG emissions increased by 20.42 tonnes or 16.18% [2] as compared to the previous year. The increase was mainly due to the increase in gasoline and diesel consumption and purchased electricity consumption as compared with last year.

Year-on-year change in greenhouse gas and exhaust emissions



2 Part of the data from the previous year have been restated for comparative purposes.

10.1.2 Hazardous Waste Management

The Group does not generate a large amount of hazardous waste due to its business nature, and a small amount of hazardous waste is generated only in daily office operations. The Group implements a waste classification policy to cultivate employees' awareness of waste classification and recycling. Daily domestic waste is properly disposed of according to the classification requirements, and the property management company is responsible for unified cleaning to ensure the reuse of recyclable waste. In addition to daily domestic waste, the Group carefully collects and recycles hazardous waste, such as contacting local professional recycling companies to dispose of waste computers and printer toner cartridges. A small amount of other solid wastes, such as used batteries and used light tubes, are classified and stored by type, and then handed over to a third party for unified collection and disposal.

In 2021/2022, the Group generated a total of approximately 9 kg of printer toner cartridges (2020/2021: 25 kg). During the Year, there was no scrapping of old computers (2020/2021: 41).

10.1.3 Non-hazardous Waste Management

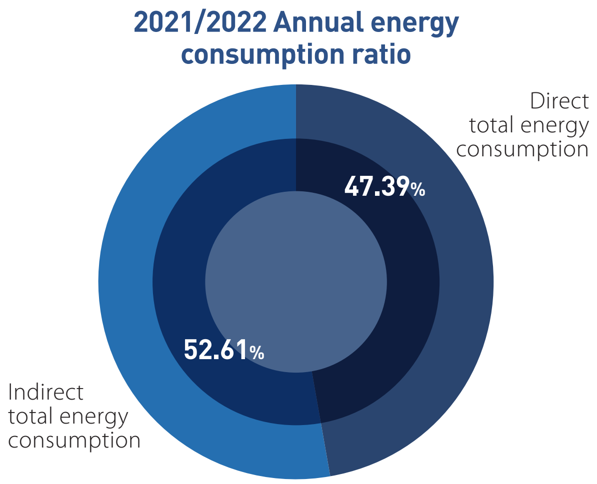
The Group's non-hazardous waste is mainly paper used in offices. The Group is committed to managing waste in an effective and sustainable manner. In order to reduce paper consumption in substance, the Group vigorously promotes paperless office and use electronic systems to manage business processes, including publishing management manuals, procedures and other electronic documents through the Company's intranet, so as to reduce paper consumption for copying and updating documents. The Group encourages employees to print on both sides and to reuse paper. Electronic methods, such as instant messenger software, email and phone call, are mostly used for daily communication and information transfer, so as to reduce the dependence on written communication. The Group implemented a series of measures to reduce employees' reliance on paper and improve paper waste in offices.

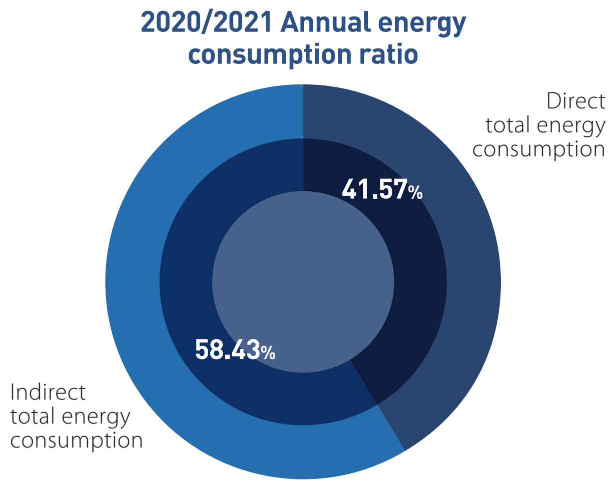
In 2021/2022, the Group produced a total of approximately 0.64 tonnes (2020/2021: 0.88 tonnes) of waste paper, representing a decrease of 0.24 tonnes or 27.27% as compared to the previous year.

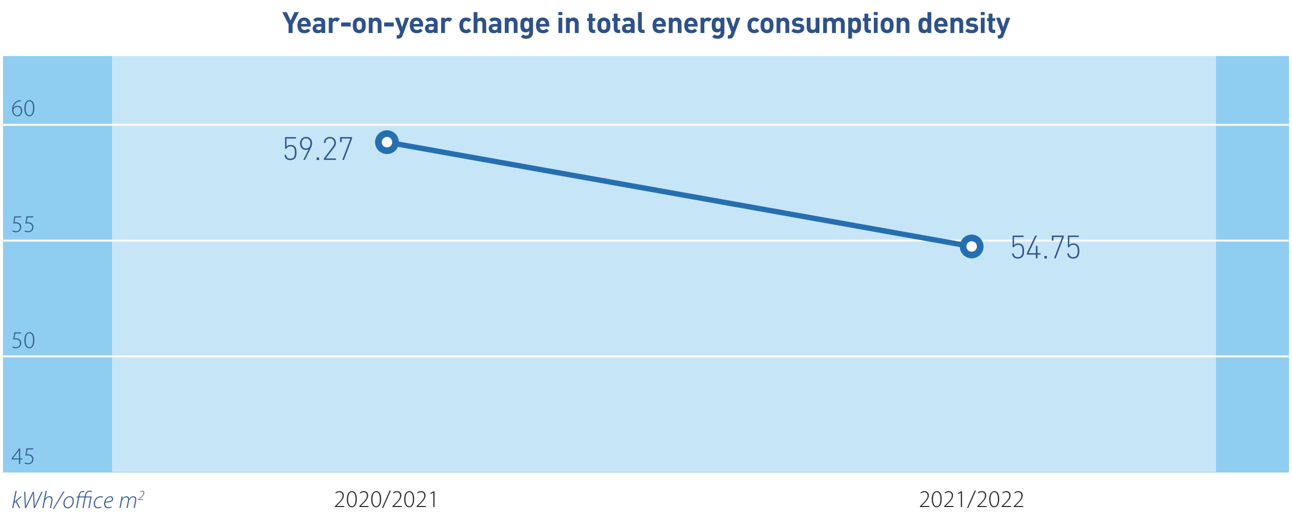
10.2 Use of Resources

The Group has always been strictly in compliance with the Law of the PRC on Conserving Energy. By proactively optimising its energy structure, the Group has always integrated its goals in respect of the environment, society and the government into its core operation practises, contributing to the achievement of social sustainability. The Group vigorously implements measures for energy conservation and emission reduction, continuously improves its regulations and system related to resources management, foster its staff's awareness towards energy conservation and improve resources efficiency. In the future, the Group plans to gradually obtain more accurate supporting parameters for key resources such as electricity and water. In the face of climate change issues, the Group will actively respond to relevant policies, effectively reduce its own carbon footprint and assist in the development of a low-carbon economy. In addition, as the scope and nature of business of the Group are application of high and new technology and provision of related services, the Group's operation does not involve any significant consumption of packaging materials, and the relevant disclosure is not applicable to the Group.

The use of resources in offices is the main source of the Group's indirect greenhouse gas emissions. Therefore, the Group is committed to reducing energy consumption from the aspects of lighting, air-conditioning electricity and water conservation, and actively participating in actions to reduce global warming. The Group closely monitors the use of resources, continues to provide training courses for employees and carries out effective communication with employees, strengthen employees' awareness of environmental protection, and enhances the importance of coordinating the Group's environmental protection policies. According to the Procedures for Identification and Evaluation of Environmental Factors, the Group evaluates the use of resources in the process of office activities and services, and classifies them into four levels: good use, reasonable use, waste and serious waste, and keeps monitoring records. For business activities and processes that are identified as inappropriate use of resources, the responsible department shall formulate countermeasures and control them, which shall be reviewed and confirmed by the management and then issued to the responsible department for implementation.


2021/2022 Annual energy consumption ratio
Direct total energy consumption
47.39%
52.61%
Indirect total energy consumption


2020/2021 Annual energy consumption ratio
Direct total energy consumption
41.57%
58.43%
Indirect total energy consumption


Year-on-year change in total energy consumption density
60
55
50
45
59.27
54.75
kWh/office m²
2020/2021
2021/2022

10.2.1 Electricity Efficiency

The Group has been actively advocating the green office concept and promoting a variety of energy conservation measures, including:

- instals high-efficiency lamps and electrical appliances, and gives priority to personal office equipment with energy labels;
- ensures that non-essential power sources such as computers, computer monitors and lighting are turned off when leaving the office and after work to reduce power consumption;
- switches the computer to sleep or sleep mode when the computer is idle;
- air conditioning in office is maintained at 24-26°C and the air-conditioning philtres are cleaned to maintain good working conditions and reduce electricity consumption;
- regularly maintains and inspects daily electrical equipment, maintains operational efficiency, and ensures that there is no abnormal power consumption efficiency;
- 17: 30 p.m. every day, the air-conditioning gates in the office are uniformly turned off;
- immediately reports and repairs damaged equipment to prevent any water leakage and waste of electricity;
- places "Save Energy" stickers near major power switches to remind employees; and
- advocates the awareness of energy conservation through regular group emails and public publicity.

In FY2021/2022, the Group consumed a total of approximately 171,830.00 kWh of purchased electricity, representing an increase of approximately 9,503 kWh or 5.85% over the previous year; The electricity intensity was approximately 28.81 kWh/m^2 of the operating sites, representing a decrease of 7.56 kWh/m^2 or 20.79% compared with the previous year (2020/2021: 162,327.00 kWh, representing a electricity intensity of approximately 36.37 kWh/m^2 of the operating sites).

10.2.2 Water Use Efficiency

Since the Group's businesses do not involve significant use of water, its water consumption mainly comes from washrooms and pantries in offices. The water is sourced from the government water supply system and the water supply is managed by the office's property management company, so no issues are identified in finding applicable water sources. The Group pays attention to the use of water resources and aims at using water in the most efficient way. The Group advocates the implementation of water saving plans in the office, including strengthening the daily maintenance of water supply equipment to avoid water leakage due to damage, using inductive faucets, using promotional slogans to remind employees to save water, adjusting water valves to the position of minimum water consumption, and encouraging employees to report water leakage and dripping problems to reduce unnecessary waste.

In 2021/2022, the Group consumed a total of approximately 1,482.77 cubic metres of water resources, representing a decrease of approximately 436.23 cubic metres or 22.73% as compared to the previous year. The water intensity was approximately 0.25 cubic metres per square metre of operating premises, representing a decrease of 0.18 cubic metres per square metre or 41.86% as compared to the previous year (2020/2021: 1,919 cubic metres, with a water intensity of approximately 0.43 cubic metres per square metre of operating premises).

10.3 Environmental Management System

The Group's business nature does not involve highly polluting production and operation procedures, so there is no significant impact on the environment and natural resources. Nevertheless, the Group is committed to taking measures to address energy efficiency and environmental protection needs. The Group has established and improved the ISO14001: 2015 certified environmental management system, and continues to evaluate and observe the potential impact of the Group's business activities on the environment. In carrying out the Group's business activities, the Group takes into account past, present and future situations, as well as the possible environmental impacts of normal, abnormal or emergency operations, and formulates handling procedures and contingency plans. Factors considered for environmental impact include noise, radioactivity of materials, soil pollution, resource consumption, greenhouse effect, etc. When there are changes in departments' activities, products, services or external conditions that cause changes in the environmental factors, responsible departments will re-evaluate the environmental factors and carry out corresponding measures to minimise such possible impacts on the environment. The Group carries out daily monitoring and evaluation, and sets up a response mechanism, clarifies reporting channels, formulates response measures and sets up investigation arrangements for subsequent review in case of abnormal situations and accidents that have a significant impact on the environment and natural resources. The Group has also clearly defined the responsibilities of each post and provided trainings on professional skills and environmental control procedures for personnel in special operation processes and relating to important environmental factors. Environmental policies and relevant management system are set up to raise the awareness of employees and suppliers towards environment management and relevant laws and regulations through trainings and guidance.

The Group has a team of dedicated and diligent employees. In formulating the Group's operational strategy for sustainable development, the Group relies on the active cooperation of all employees and puts forward feasible suggestions to accelerate the Group's pace towards green operation. The Group will timely identify the sources of waste generated in operations and the impact on the environment when using resources, continues to optimise internal management systems, work guidelines and environmental protection measures, and continuously improves employees' awareness of environmental protection and resource conservation through publicity, education and other effective methods. In the process of business development, the Group will jointly fulfil social responsibilities and obligations with employees, and implement the Group's policy of "low-carbon operation".

10.4 Response to Climate Change

The Group deeply understands that climate change will have a huge impact on the natural environment and corporate development. Although the Group has not yet formulated management regulations directly related to climate change, the Group strictly implements the layout and arrangements of government agencies on extreme weather to ensure the health of employees and the safety and stability of corporate assets. The Group has incorporated climate change into its corporate risk assessment. At present, the Group has identified physical risks that may affect the Group's operations due to climate change. The Group will continue to pay attention to the risks and opportunities brought by climate change and evaluate the transformation risks that may arise from climate change to the Group's business operations in the future to ensure that the Group can formulate effective and enforceable management standards and mechanisms in line with the Group's business operation background in the appropriate period, and further enhance the Group's ability to respond to climate change.

10.5 Environmental Compliance

In FY2021/22, the Group was not aware of any material non-compliance with environmental laws and regulations.

11. ESG KEY PERFORMANCE INDICATORS TABLE

ESG Indicators		Unit [d]	2021/2022	2020/2021 [c]
A. Environmental Indicators				
A1	**Emission**			
A1.1	**The types of emissions and respective emissions data**			
	Air emissions			
	Nitrogen oxides	kg	**16.32**	7.73
	Sulphur oxides	kg	**0.26**	0.18
	Particulate matter	kg	**1.20**	0.57
A1.2	**Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity [a]**			
	Total greenhouse gas emissions	Tonnes	**146.60**	126.18
	GHG Emissions Intensity	Tonnes/per square metre of operating premises	**0.02**	0.03
	GHG emissions (Scope 1) [1]	Tonnes	**45.57**	33.01
	GHG emissions (Scope 2) [2]	Tonnes	**101.03**	93.17
A1.3	**Total hazardous waste produced**			
	Printer toner cartridge	kg	**9.00**	25.00
	Old computers scrapped	Units	**Nil**	41
A1.4	**Total non-hazardous waste produced**			
	Waste paper	Tonnes	**0.64**	0.88
A2	**Use of Resources**			
A2.1	**Direct and/or indirect energy consumption by type in total and intensity [b]**			
	Total energy consumption [3]	kWh	**326,588.78**	264,527.11
	Total energy consumption intensity	kWh/m² of operating premises	**54.75**	59.27
	Direct energy consumption	kWh	**154,758.78**	109,964.11
	Indirect energy consumption	kWh	**171,830.00**	154,563.00
	Gasoline consumption	Litre	**14,407.00**	12,411.96
	Diesel consumption	Litre	**2,739.42**	Nil
	Total electricity consumption	kWh	**171,830.00**	162,327.00
A2.2	**Water consumption in total and intensity**			
	Total water consumption	m^3	**1,482.77**	1,919.00
	Total water consumption intensity	m^3/m^2 of operating premises	**0.25**	0.43

ESG Indicators		Unit [d]	2021/2022	2020/2021 [c]
B. Social Indicators				
B1	**Employment**			
B1.1	**Total workforce by gender, employment type, age group and geographical region**			
	Total number of employees	Person	231	255
Gender	Male	Person	182	206
	Female	Person	49	49
Employee type	Full-time	Person	221	255
	Part-time	Person	5	Nil
	Rehired after retirement	Person	5	Nil
Age Group	18-35 years old	Person	110	143
	30-50 years old and above	Person	103	100
	Over 50 years old	Person	18	12
Region	Mainland China	Person	222	248
	Hong Kong	Person	9	7
B1.2	**Employee turnover rate by gender and age group [4]**			
	Total employee turnover rate	Percentage	38.96	14.51
Gender	Male employee turnover rate	Percentage	35.16	12.14
	Female employee turnover rate	Percentage	53.06	24.49
Employee type	Full-time	Percentage	40.27	12.67
	Part-time	Percentage	20.00	Nil
Age Group	18-35 years old	Percentage	61.47	20.98
	30-50 years old and above	Percentage	22.33	7.00
	Over 50 years old	Percentage	Nil	Nil
B2	**Health and Safety**			
B2.1	**Number and rate of work-related fatalities**			
	Rate of work-related fatalities	Percentage	Nil	Nil
B2.2	**Lost days due to work injury**			
	Lost days due to work injury	Days	Nil	Nil

ESG Indicators		Unit [d]	2021/2022	2020/2021 [c]
B3	**Development and Training**			
B3.1	**The percentage of employees trained by gender and employee category [5]**			
	Percentage of employees trained	Percentage	**100**	100
Gender	Percentage of male employees trained	Percentage	**100**	100
	Percentage of female employees trained	Percentage	**100**	100
Employee Category	Percentage of senior management trained	Percentage	**100**	100
	Percentage of middle management trained	Percentage	**100**	100
	Percentage of general employees trained	Percentage	**100**	100
B3.2	**The average training hours completed per employee by gender and employee category [6]**			
	Average training hours of employees	Hours	**45.08**	37.00
Gender	Average training hours of male employees	Hours	**45.08**	36.00
	Average training hours of female employees	Hours	**45.08**	42.00
Employee Category	Average training hours of senior management	Hours	**24.00**	30.00
	Average training hours of middle management	Hours	**32.14**	33.00
	Average training hours of general employees	Hours	**46.66**	38.00
Operating Indicators				
B5	**Supply Chain Management**			
B5.1	**Number of suppliers by geographical region**			
	Southern China	Entity	**42.00**	27.00
	Eastern China	Entity	**11.00**	8.00
	Central China	Entity	**5.00**	1.00
	Northern China	Entity	**22.00**	6.00
	Northwest China	Entity	**1.00**	Nil
	Tibet Autonomous Region	Entity	**1.00**	Nil
B6	**Product Responsibility**			
B6.1	**Percentage of total products sold or shipped subject to recalls for safety and health reasons**	Percentage	**Nil**	Nil
B6.2	**Number of products and service related complaints received**	Case	**Nil**	Nil
B7	**ANTI-CORRUPTION**			
B7.1	**Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period**			
	Number of corruption lawsuits	Case	**Nil**	Nil
B8	**COMMUNITY INVESTMENT**			
B8.2	**Resources contributed to the focus area**			
	Education Donations	Renminbi	**1,000,000**	N/A [e]

Notes:

(a) Indicator A1.2 Greenhouse gas emissions (Scope 1) include direct greenhouse gas emissions from gasoline and diesel; greenhouse gas emissions (Scope 2) include indirect greenhouse gas emissions from purchased electricity;

(b) Indicator A2.1 Total energy consumption includes the total energy consumption generated by gasoline, diesel and purchased electricity;

(c) Part of the data from the previous year have been restated for comparative purposes.

(d) The per square metre of operating sites used to calculate the intensity of environmental performance during the year refers to the total gross floor area of the Group's operating sites such as offices in Hong Kong, Shenzhen, Guangzhou and Xinjiang, and the new manufacturing assembly workshops in Shenzhen during the Reporting Period.

(e) The funding provided by the "IBO Charity Fund" in the previous year was mainly to support Lingnan Normal University to carry out a data analysis project and a medical assistance project to assist two poor families. There was no new funding project in the previous year.

Data calculation criteria:

(1) Greenhouse gas emissions (Scope 1) from gasoline and diesel were calculated with reference to "How to prepare an ESG Report: Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange;

(2) Greenhouse gas emissions (Scope 2) generated from purchased electricity are calculated with reference to "How to prepare an ESG Report: Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, of which the electricity emission factor for Hong Kong is based on the 2021 Sustainability Report of HK Electric Investments, while the electricity emission factor for Mainland China is based on the "Notice on Key Work in relation to the Management of Corporate Greenhouse Gas Emissions Reporting in 2022" issued by the Ministry of Ecology and Environment;

(3) The total energy consumption is converted into electricity equivalent value with reference to the PRC standard GB/T 2589-2020 General Principles for Calculation of Comprehensive Energy Consumption.

(4) Employee turnover rate = the number of turnover in the category/the total number of employees in the category;

(5) Percentage of employees trained = number of employees trained in the category/total number of employees trained;

(6) Average training hours of employees = training hours of the category/total number of employees of the category.

12. ESG REPORTING GUIDE CONTENT INDEX

Disclosure Indicators		Corresponding contents
Scope: Environmental		
A1: Emissions		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		10. Environmental protection and low-carbon operation
A1.1	Types of emissions and respective emissions data.	10.1 Emissions Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	10.1.1 Greenhouse Gas and Air Emissions Management & 11. ESG Key Performance Indicators Table
A1.3	Total hazardous waste produced and intensity.	10.1.2 Hazardous Waste Management & 11. ESG Key Performance Indicators Table
A1.4	Total non-hazardous waste produced and intensity.	10.1.3 Non-hazardous Waste Management & 11. ESG Key Performance Indicators Table
A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.3 The Group's Targets & 10.1 Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	10.1.2 Hazardous Waste Management & 10.1.3 Non-hazardous Waste Management
A2: Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		10.2 Use of Resources
A2.1	Direct/indirect energy consumption by type (e.g. electricity, gas, oil) in total and intensity.	10.2 Use of Resources & 11. ESG Key Performance Indicators Table
A2.2	Water consumption in total and intensity.	10.2.2 Water use efficiency & 11. ESG Key Performance Indicators Table
A2.3	Description of energy use efficiency initiatives and results achieved.	3.3 The Group's Targets & 10.2.1 Electricity Efficiency
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	10.2.2 Water use efficiency
A2.5	Total packaging material used for finished products and with reference to per unit produced.	The scope and nature of the Group's businesses are the applications and services of high and new technology. Therefore, the Group's operations do not involve a significant use of packaging materials, and the relevant disclosures do not apply to the Group.
A3: The Environment and Natural Resources		
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		10.1 Emissions Management & 10.2 Use of Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	10.3 Environmental Management System

Disclosure Indicators		Corresponding contents
A4: Climate Change		
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		10.4 Response to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	10.4 Response to Climate Change
Scope: Social		
B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.		9.1 Recruitment and Dismissal & 9.2 Remuneration, benefits and promotion
B1.1	Total workforce by gender, employment type, age group and geographical region.	9.1 Recruitment and Dismissal & 11. ESG Key Performance Indicators Table
B1.2	Employee turnover rate by gender, age group and geographical region.	9.1 Recruitment and Dismissal & 11. ESG Key Performance Indicators Table
B2: Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		5. Combating COVID-19 & 9.3 Safety Risk Management and training
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	9.3 Safety Risk Management and training & 11. ESG Key Performance Indicators Table
B2.2	Lost days due to work injury.	9.3 Safety Risk Management and training & 11. ESG Key Performance Indicators Table
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	9.3 Safety Risk Management and training & 11. ESG Key Performance Indicators Table
B3: Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		9.4 Employee Training Management & 11. ESG Key Performance Indicators Table
B3.1	The percentage of employees trained by gender and employee category.	9.4 Employee Training Management & 11. ESG Key Performance Indicators Table
B3.2	The average training hours completed per employee by gender and employee category.	9.4 Employee Training Management & 11. ESG Key Performance Indicators Table
B4: Labour Standards		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		9.5 Anti-child and anti-forced labour
B4.1	Description of measures to review employment practises to avoid child and forced labour.	9.5 Anti-child and anti-forced labour
B4.2	Description of steps taken to eliminate such practices when discovered.	9.5 Anti-child and anti-forced labour

Disclosure Indicators		Corresponding contents
B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain.		8. Supply Chain Management
B5.1	Number of suppliers by geographical region.	8. Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	8.1 Supplier evaluation mechanism
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	8.2 Supply Chain ESG Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	8.2 Supply Chain ESG Management
B6: Product Responsibility		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		7. THE GROUP'S PRODUCTS
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7.2 Product quality control & 11. ESG Key Performance Indicators Table
B6.2	Number of products and service related complaints received and how they are dealt with.	7.2 Product quality control & 11. ESG Key Performance Indicators Table
B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures.	7.2 Product quality control
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	7.3 Customer Service & 7.4 Customer Information and Privacy
B7: Anti-corruption		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		4. Honest Operation and Integrity & 11. ESG Key Performance Indicators Table
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4. Honest Operation and Integrity & 11. ESG Key Performance Indicators Table
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4. Honest Operation and Integrity & 11. ESG Key Performance Indicators Table
B7.3	Description of anti-corruption training provided to directors and employees.	4. Honest Operation and Integrity & 11. ESG Key Performance Indicators Table
B8: Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		6. Education and poverty alleviation & 11. ESG Key Performance Indicators Table
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Education and poverty alleviation & 11. ESG Key Performance Indicators Table
B8.2	Resources contributed to the focus area.	6. Education and poverty alleviation & 11. ESG Key Performance Indicators Table

EXECUTIVE DIRECTORS

Mr. Lai Tse Ming (黎子明先生), aged 59, is the founder of the Group, the chairman of the Board and the nomination committee of the Company (the "**Nomination Committee**"), an executive Director and the director of the Investment Decision-making Committee. Mr. Lai is the single largest substantial Shareholder. Mr. Lai is the father of Mr. Lai Kam Man, who is a member of the senior management of the Company, the assistant to the chairman of the Board, and the deputy general manager of the Corporate Development Department. He is responsible for the overall strategic planning and corporate policies, as well as overseeing the operations of the Group. Mr. Lai is the chairman of Abacus International Group Company Limited. He is also a director of each of the Company's subsidiaries (excluding IBO Shenzhen Digital Limited* (深圳市艾伯數字有限公司), each member of Weitu Group, IBO Intelligent (Shenzhen) Limited* (艾伯智能(深圳)有限公司), Shenzhen IBO Supply Chain Technology Co., Ltd.* (深圳市艾伯供應鏈科技有限公司), IBO Shenzhen Information Technology Limited* (深圳市艾伯信息科技有限公司), IBO Communication, Inner Mongolia Haoniu E-commerce Digital Technology Co., Ltd.* (內蒙古好牛易購數字科技有限公司), IBO Electronics and Shenzhen IBO Holdings Company Limited* (深圳市艾伯控股有限公司)). Mr. Lai has approximately 22 years of experience in the industry of information technology. Before founding the Group, Mr. Lai has also been the founder and chairman of Gee Fung Group Limited (principally engaged in general trade) since 1995. Mr. Lai received a diploma in special zone economics (特區經濟學) from Jinan University (暨南大學) in 1988.

Mr. Gao Weilong (高偉龍先生), aged 51, is the chief executive officer, deputy chairman and an executive Director, the deputy director of the Investment Decision-making Committee and the director of the Performance Review Committee. He is responsible for the overall management of the Group. He joined the Group in March 2006. Mr. Gao has approximately 30 years of experience in engineering and management. Prior to joining the Group, his primary working experience included: an engineer and subsequently promoted to chief design engineer of China Southern Airlines Power Machinery Company* (中國南方航空動力機械公司) (principally engaged in the manufacturing of aircraft engines, as well as the research and development and manufacturing of motorcycles) from August 1992 to December 2001; a senior engineer of Minghua Environmental Automobile Company Limited* (明華環保汽車有限公司) (principally engaged in the research and design of the gasoline-electric hybrid vehicles and the components thereof) from January 2002 to May 2002; a managing engineer of TCL King Electronics (Shenzhen) Company Limited* (TCL王牌電子(深圳)有限公司) (principally engaged in the research and development, manufacturing and sales of electronic products) from August 2002 to April 2003; a performance management supervisor of Shenzhen Southern CIMC Containers Manufacture Company Limited (深圳南方中集集裝箱製造有限公司) (a subsidiary of China International Marine Containers (Group) Company Limited, a company listed on the Stock Exchange (Stock code: 2039) and the Shenzhen Stock Exchange (Stock code: 000039), and principally engaged in the manufacturing of containers) from January 2004 to February 2006. Mr. Gao received a bachelor's degree in automotive engineering in tractor (汽車工程系汽車拖拉機) from Chongqing University (重慶大學) in July 1992, a master's degree in engineering in power mechanical engineering from Wuhan Automotive Polytechnic University (武漢汽車工業大學) (now known as Wuhan University of Technology (武漢理工大學)) in March 2000 and a Master of Business Administration (工商管理) from Peking University (北京大學) in June 2004.

* *For identification purpose only*

Mr. Teng Feng (滕峰先生), aged 47, is the chief technical officer and an executive Director, the director of the Technology Development Committee and the director of IBO Research Institute of Science and Technology. He is responsible for the formation and management of the technical team of the Group. He joined the Group in November 2009. Mr. Teng has approximately 18 years of experience in research and development of wireless communication products and electronic label products. Prior to joining the Group, his primary working experience included: a manager of the hardware department of Shenzhen Aerospace Intelligence Telecommunications Limited* (深圳市航通智能有限公司) (principally engaged in the development, sales and the relevant technical information of computer software and hardware, communication network devices and Global Positioning System integration) from November 2002 to September 2003; a general manager of the products department of Guangzhou Longsun Network Technology Company Limited* (廣州朗昇網絡科技有限公司) (principally engaged in computer network system engineering services) from January 2005 to April 2008; a technical director of Shenzhen An Zhi Mao Network Communications Company Limited* (深圳市安智貿網絡通信有限責任公司) (principally engaged in the technology development of network communication devices) from May 2008 to July 2009. Mr. Teng received a bachelor's degree in engineering in automation in electrical equipments and measurement techniques (自動化系電子儀器及測量技術) from University of Electronic Science and Technology of China (中國電子科技大學) in July 1998 and a master's degree in electronics and communication engineering (電子與通信工程領域) from Tsinghua University (清華大學) in January 2007.

Mr. Yu Kin Keung (余健强先生), aged 40, is the chief financial officer and an executive Director and the general manager of the Financial Management Department. He is responsible for the overall management of the financial matters of the Group. He is also a director of each of Bright Leap Limited and Rise Mark Corporation Limited, both of which are subsidiaries of the Company, and a director of Good Cheer Ventures Limited and Sunny Ford Technology Limited, both of which are the investment companies of the Company. Mr. Yu joined the Group in January 2016. Prior to joining the Group, his primary working experience included: an auditor of Hong Kong Great Wall CPA Limited (principally engaged in the provision of auditing, taxation and company secretarial services) from March 2008 to October 2009; an assistant accountant of Evermate Trading Limited (principally engaged in the mining and trading of iron ore) from June 2010 to September 2010; an account manager of Chung Yuen High Polymer New Materials Holdings Limited (principally engaged in the production and trading of biodegradable plastics) from September 2010 to May 2014; a finance manager of CA Cultural Technology Group Limited (formerly known as China Animation Characters Company Limited (Stock code: 1566), a company listed on the Stock Exchange, and principally engaged in trading of animation derivative products) from May 2014 to October 2015; a finance director of Bakerhouse Global Limited (principally engaged in the provision of financial advice) from October 2015 to January 2016. Mr. Yu graduated from Monash University, Australia with a bachelor's degree in commerce in accountancy and finance in December 2007. Mr. Yu has been an associate member of CPA Australia since July 2011.

Mr. Liang Jun (梁軍先生), aged 55, is the deputy chairman and executive Director. He is primarily responsible for the matters relating to corporate strategy and overall development of the Group. He joined the Group in June 2020. He has over 30 years of experience in business development in the PRC. Prior to joining the Group, his major work experience included acting as an executive director and the chairman of Asia Energy Logistics Group Limited (formerly known as China Sciences Conservational Power Limited (Stock code: 351), a company listed on the Main Board of the Stock Exchange), from June 2006 to February 2020 and from April 2007 to January 2010 respectively. He obtained a Bachelor's Degree in Telecommunication Engineering from Tongji University.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. He Tianxiang (何天翔博士), aged 38, is the independent non-executive Director. He was appointed as an independent non-executive Director on 6 December 2017. He is currently an assistant professor in the School of Law at the City University of Hong Kong since August 2016. Dr. He received a Bachelor of Laws Degree from Huaqiao University (華僑大學) in July 2007, and a Master of Laws Degree in International Law from Jinan University (暨南大學) in June 2009. He also received a Doctor's degree in the Faculty of Law from Maastricht University in July 2016 and a Doctor's degree in Criminal Law from Renmin University of China (中國人民大學) in January 2017.

Dr. Wong Kwok Yan (黃國恩博士), aged 57, is the independent non-executive Director and the chairman of the remuneration committee of the Board (the "**Remuneration Committee**"). He was appointed as an independent non-executive Director on 6 December 2017. He is a solicitor in Hong Kong and has extensive experience in the legal profession. Dr. Wong has been the principal of Christopher K. Y. Wong, Solicitors since June 2005. Dr. Wong has obtained the following professional qualifications: Chartered Member & Associateship of the Textile Institute (U.K.) in 1990; Civil Celebrant of Marriage in 2006; China-Appointed Attesting Officer in 2009; Arbitrator of Shenzhen International Court of Arbitration/South China International Economic and Trade Arbitration Commission in 2015. Dr. Wong has been an appointed member of the Wong Tai Sin District Council from 2008 to 2011 and 2012 to 2015. Dr. Wong has been a member of District Fire Safety Committee of Wong Tai Sin District since April 2020. Dr. Wong has been a member of the Advisory Council on the Environment since January 2021. Dr. Wong graduated from the Hong Kong Polytechnic University with the academic qualification of Associateship in Textile Technology in 1988. He accomplished the Common Professional Examination of England and Wales jointly organised by the Manchester Metropolitan University (UK) and the University of Hong Kong in 1993. In 1995, he completed the Postgraduate Certificate in Laws from the University of Hong Kong. Dr. Wong was awarded a Bachelor of Laws Degree by the Peking University (北京大學) in 2002, a Master of Laws Degree in Chinese and Comparative Law by the City University of Hong Kong in 2005, and a Doctor of Laws Degree in Environmental and Resource Protection Law by the Renmin University of China (中國人民大學) in 2012.

Mr. Hung Muk Ming (洪木明先生), aged 57, is the independent non-executive Director and the chairman of the audit committee of the Board (the "**Audit Committee**"). He was appointed as an independent non-executive Director on 6 December 2017. Mr. Hung has extensive experience in auditing, finance and accounting. Since February 2017, Mr. Hung has been a director of Hua Guan New Materials Company Limited* (華冠新型材料股份有限公司), a subsidiary of Guangdong Ming Crown Group Limited* (廣東名冠集團有限公司), and is a company engaging in steel production. From February 2005 to February 2017, Mr. Hung was the group financial controller of Guangdong Ming Crown Group Limited* (廣東名冠集團有限公司), a company engaging in construction, property development, hotels, steel production and ports businesses in Dongguan and Xinhui, the PRC. From October 2002 to January 2005, Mr. Hung was the group financial controller of Hoi Meng Group* (開明集團). From July 2001 to September 2002, Mr. Hung worked as a finance manager of Hong Kong Exchanges and Clearing Limited (Stock code: 388), a company listed on the Stock Exchange. From November 1994 to July 2001, Mr. Hung was the accounting manager of financial control department of Embry (H.K.) Limited. From August 1990 to November 1994, Mr. Hung was promoted from accountant to senior accountant I of Price Waterhouse (now known as PricewaterhouseCoopers). Mr. Hung is currently an independent non-executive director and chairman of the audit committee of Cinda International Holdings Ltd. (Stock code: 111), a company listed on the Stock Exchange, an independent non-executive director and chairman of the audit committee of Silver Grant International Holdings Group Limited (formerly known as Silver Grant International Industries Limited (Stock code: 171)), a company listed on the Stock Exchange, and an independent non-executive director and chairman of the remuneration committee of CA Cultural Technology Group Limited (formerly known as China Animation Characters Company Limited (Stock code: 1566)), a company listed on the Stock Exchange. From September 2004 to February 2006, Mr. Hung was the independent non-executive director and chairman of the audit committee of Rontex International Holdings Ltd. (Stock code: 1142), a company listed on the Stock Exchange. From June 2014 to September 2021, Mr. Hung was an independent non-executive director and chairman of the audit committee of Century Sage Scientific Holdings Limited (Stock code: 1450), a company listed on the Stock Exchange. Mr. Hung received a bachelor's degree in social sciences with a major in economics, finance and accounting from the University of Hong Kong in December 1990. Mr. Hung obtained a master's degree in corporate governance from Hong Kong Polytechnic University in October 2008. Mr. Hung has been a Certified Tax Adviser from July 2010 to March 2020, a member of the Taxation Institute of Hong Kong from June 2010 to March 2020, a fellow member of the Hong Kong Institute of Directors from November 2009 to July 2020, an associate of Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as Institute of Chartered Secretaries & Administrators) since February 2009, a fellow member of the Hong Kong Institute of Certified Public Accountants since July 2001, a fellow member of the Association of Chartered Certified Accountants since January 1999 and a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants since November 1994.

* *For identification purpose only*

Mr. Liu Ping (劉平先生), aged 59, is the independent non-executive Director. He was appointed as an independent non-executive Director on 14 July 2021. Mr. Liu has over 30 years of work experience in the communication industry. He previously worked in the Beijing University of Posts and Telecommunications, China Mobile Limited and China Telecommunications Corporation, and served as the general manager of provincial companies and the group general manager of marketing department. From August 2016 to January 2021, Mr. Liu served as the chairman of Sunsea AIoT Technology Co., Ltd. (Shenzhen Stock Exchange stock code: 002313). From August 2019 to November 2020, he also served as the general manager of Sunsea AIoT Technology Co., Ltd. Since August 2016, Mr. Liu has served as the partner of Fusion Group. Mr. Liu holds a master's degree in information engineering and a bachelor's degree from the Beijing University of Posts and Telecommunications.

SENIOR MANAGEMENT

Mr. Peng Jinzhi (彭金志先生), aged 59, is the deputy financial controller and the deputy general manager of the Financial Management Department of the Group and is responsible for the overall management of the financial matters of IBO Information. Mr. Peng joined the Group in April 2002. Prior to joining the Group, his primary working experience included: an accountant of Jiangxi Department Store Textile Company* (江西省百貨紡織品公司) (principally engaged in the sales of general merchandise, textiles, cultural products, metal hardware, chemicals and furniture) from March 1983 to September 1994; a general manager of the finance department of Xiamen Yincheng Company Limited* (廈門銀城股份有限公司) (principally engaged in brewing of beer, production of natural mineral water, drinks, canned foods and glassware, and wholesale and retail of beer, foods, drinks and cigarettes (retail only)) from September 1995 to October 1998; a deputy general manager and finance manager of Shandong Zouping Chaoyi Packaging Color Printing Limited* (山東鄒平超藝包裝彩色印刷有限公司) (principally engaged in processing and sales of packaging, prints, plastic films, cartons and household paper) from November 1998 to November 2001. Mr. Peng graduated from Jiangxi Institute of Finance* (江西財經學院) (now known as Jiangxi University of Finance and Economics (江西財經大學)) with a diploma in accounting (會計) in June 1991. Mr. Peng has been a member of the Chinese Institute of Certified Public Accountants and a certified tax agent since November 2003 and January 2005 respectively.

Mr. Pang Chun Yip (彭俊業先生), aged 42, is the finance manager and company secretary and is responsible for the overall management of the accounting, financial compliance and secretarial matters of the Group. Mr. Pang joined the Group in May 2017. Mr. Pang has approximately 17 years of experience in accounting. Before joining the Group, from January 2005 to October 2006, he worked at Wong Kwok Tai & Co. as an audit trainee and was subsequently promoted to an audit semi-senior. During the period of March 2007 to August 2008, Mr. Pang was a semi-senior auditor at Y. L. Ngan & Company Certified Public Accountants. During the period of October 2008 to January 2015, he worked as an assistant accountant in Hanison Construction Company Limited. In January 2015, Mr. Pang joined Wang Kei Yip Development Limited and acted as a senior accountant until August 2015. From September 2015 to November 2016, Mr. Pang worked at China Overseas (Hong Kong) Limited as an accountant. Mr. Pang was a senior accountant in Big Success Accounting Services Limited from November 2016 to February 2018. Mr. Pang graduated from The Chinese University of Hong Kong with a bachelor's degree in business administration in December 2002. He has been a member of the Hong Kong Institute of Certified Public Accountants since 2011.

Mr. Lai Kam Man (黎錦文先生), aged 34, is the assistant to the chairman of the Board, the deputy general manager of the Corporate Development Department and is responsible for the overall management of project development of the Group. Mr. KM Lai is the son of Mr. Lai Tse Ming, the chairman of the Board and an executive Director. He joined the Group in August 2013. Mr. KM Lai graduated from Jinan University (暨南大學) with a bachelor's degree in international economics and trading (國際經濟與貿易) in July 2013.

* *For identification purpose only*

Mr. Gan Xianqing (甘顯清先生), aged 38, is the assistant to the chairman of the Board, the office director and the general manager of the Corporate Development Department of the Group and is responsible for the overall management of the procedural, quality and performance matters of the Group. He is also a director of IBO Information, Weitu Technology and Yunwei Network, the supervisor of IBO Shenzhen Digital Limited* (深圳市艾伯數字有限公司) and Shenzhen IBO Holdings Company Limited* (深圳市艾伯控股有限公司), and the general manager of IBO Shenzhen Information Technology Limited* (深圳市艾伯信息科技有限公司). Mr. Gan joined the Group in July 2008 as a secretary of the chairman. He graduated from South China Agricultural University (華南農業大學) with a bachelor's degree in management in marketing (市場營銷) in July 2008.

Mr. Wang Changhan (王昌漢先生), aged 60, is the vice president of IBO Information and the general manager of the information system operation and maintenance division of Sinopec for gas stations (including convenience stores) in Guangdong Province and is responsible for the overall management of the operational maintenance in system information service technology of the Group. Mr. Wang joined the Group in June 2004. Prior to joining the Group, Mr. Wang was an accountant of Yangchun Supply and Marketing Cooperatives* (陽春市供銷社) (principally engaged in the wholesale, retail and processing of agricultural products) from August 1981 to March 1984. Since April 1984, Mr. Wang worked for different branches of Industrial and Commercial Bank of China. Mr. Wang joined the Yangchun Branch of Industrial and Commercial Bank as an accountant in the business department in May 1984, and his last position in the Yangchun Branch was a manager in the credit business department. Mr. Wang was promoted to a vice president of the Jiangcheng Branch in Yangjiang City in 1988 and was further promoted to a branch president of the Yangxi Branch in 1998. Mr. Wang graduated from Party School of the Guangdong Provincial Committee* (中共廣東省委黨校) with a bachelor's degree in economics management (經濟管理) in December 2002.

Mr. Zhu Fujian (朱福建先生), aged 46, is the sales director of the Group and the president of IBO Information and is responsible for the overall management of the sales matters of the Group. He is also the general manager of IBO Information and the executive director and general manager of Shenzhen IBO Supply Chain Technology Co., Ltd.* (深圳市艾伯供應鏈科技有限公司). Mr. Zhu joined the Group in July 2003. Prior to joining the Group, his primary working experience included: a technician of Guizhou Shuangyang Aircraft Factory* (貴州雙陽飛機廠) (principally engaged in the development, manufacturing, sales and services of electronic products, and the development, provision of technological advice and technical services of computer software) from August 1999; a software engineer of Shenzhen Weixin Intelligence Technology Company Limited* (深圳市威信智能技術有限公司) (principally engaged in the technology development of intelligent monitoring products and computer application system) from December 2001 to October 2002; a software engineer of Shenzhen Xifeng Group Institute* (深圳市西風集團研究院) (principally engaged in the research and development of network technology, network software, digital TV broadcasting technology and optical communication technology) from April 2003 to December 2003. Mr. Zhu graduated from Shenyang Aviation Industry School* (瀋陽航空工業學院) (now known as Shenyang Aerospace University (瀋陽航空航天大學)) with a bachelor's degree in aircraft manufacturing engineering (飛行器製造工程) in July 1999 and Lanzhou Jiaotong University (蘭州交通大學) with a master's degree in transportation engineering (交通運輸工程領域) in June 2011.

Mr. Zhao Yunhui (趙雲輝先生), aged 53, is the project implementation director of the Group and the vice president of IBO Information and is responsible for the overall management of the project implementation matters of the Group. Mr. Zhao joined the Group in March 2005. Prior to joining the Group, his primary working experience included: the general manager of Daqing Tianda Hongfang Group Automation Branch* (大慶天大宏方集團自動化分公司) (principally engaged in the automation engineering construction as well as the research, development and production of devices for instruments and meters) from March 1997 to February 2003; and the manager of major project department of Shenzhen Fu An Security Systems Limited* (深圳市賦安安全系統有限公司) (principally engaged in the research and development, manufacturing and sales of fire-fighting products and software) from March 2003 to February 2005. Mr. Zhao graduated from Harbin University of Science and Technology (哈爾濱科學技術大學) with a bachelor's degree in engineering in precision instrument (精密儀器) in July 1992.

* *For identification purpose only*

Mr. Ke Chengwei (柯程煒先生), aged 49, is the vice president of the Group and is responsible for the overall management of the Group. He is also the chairman and general manager of Weitu Technology and Yunwei Network, a supervisor of Hunan Yingding and a director of each of Bright Leap Limited and Rise Mark Corporation Limited, all of which are the subsidiaries of the Company. He joined the Group after the Group completed the acquisition of 51.7321% ownership interests in Bright Leap Limited in January 2019. He was a computer room supervisor of Shenzhen Construction Group* (深圳市建設集團) (principally engaged in real estate development, construction general contracting, property operation and management) from 1994 to 1996 and served as the head of the research and development department in Shenzhen Yadu Graphic Software Co., Ltd.* (深圳市雅都圖形軟體有限公司) (principally engaged in the development, production and sales of computer software products and electronic automation products) from 1996 to 2004. Mr. Ke founded Weitu Technology (principally engaged in the technological development of computer software and hardware) in March 2004 and was its executive director until January 2019. Since January 2019, he has served as the chairman of Weitu Technology. He founded Yunwei Network (principally engaged in the technological development of computer software and network) in March 2016 and was its executive director until January 2019. Since January 2019, he has served as the chairman of Yunwei Network. He has served as a supervisor of Hunan Yingding (principally engaged in the research and development of network technology and software development) since September 2016, and the chairman of Jiangxi Fangyu Yunwei Network Technology Co., Ltd.* (江西方宇運維網絡科技有限公司) (principally engaged in the technology development, services, consulting and transfer in the field of IoT) from January 2019 to March 2021. Mr. Ke graduated from the Computer Department of Southeast University in 1994.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL BUSINESSES

The analysis of the Group's annual performance by operations is set out in note 5 to the consolidated financial statements. The Company is an investment holding company, and its major subsidiaries are mainly engaged in the business activities as set forth in notes 1 and 46 to the consolidated financial statements.

FINANCIAL RESULTS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 134.

BUSINESS REVIEW

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) including an analysis of the Group's performance, material events that have occurred since the Year end date and an indication of likely future development in the Group's business are contained in the above sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Report of the Directors" of this Annual Report. Details of the Group's capital risk management and financial risk management are disclosed in notes 38 and 39 to the consolidated financial statements respectively.

In addition, relevant details of the Group's environmental policies and performance are set out in the above section headed "Environmental, Social and Governance Report" of this Annual Report.

SHARE CAPITAL

As at 31 March 2022, the total amount of the issued share capital of the Company was approximately RMB4.87 million, divided into 580,523,141 Shares of HK$0.01 per Share. Details of changes in the share capital of the Company during the Year are set out in note 35 to the consolidated financial statements.

ISSUED DEBENTURES

For the debentures issued by the Company, please refer to the section headed "Management Discussion and Analysis — Financial Review — Capital structure, liquidity and financial resources" as well as notes 33 and 34 to the consolidated financial statements in this Annual Report.

EQUITY-LINKED AGREEMENTS

Share Option Scheme

Details of the Share Option Scheme are set out in the paragraph headed "Share Option Scheme" in this section.

Placing of Convertible Bonds in a Total Principal Amount of HK$22,400,000 under 2018 General Mandate

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

On 3 April 2019, convertible bonds in an aggregate principal amount of HK$22,400,000 have been successfully placed to the placees, all of whom and whose ultimate beneficial owners are independent third parties. As of 31 March 2022, the conversion rights attached to the convertible bonds in the principal amount of HK$15,360,000 have been exercised at the initial conversion price of HK$1.6 per conversion share, and 9,600,000 conversion shares have been allotted and issued to the convertible bond holders, according to the terms and conditions of the convertible bonds with an aggregate nominal value of HK$96,000. The conversion shares rank pari passu in all respects with all Shares in issue on the date of allotment and among themselves.

As at 31 March 2022, the outstanding aggregate principal amount of convertible bonds was HK$7,040,000. Assuming the full conversion into conversion shares and based on the initial conversion price of HK$1.6 per conversion share, 4,400,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK$44,000. The conversion shares will be allotted and issued under the 2018 General Mandate. The allotment and issue of the conversion shares are not subject to Shareholders' approval, but no bondholder shall exercise any conversion rights and the Company shall not issue any conversion share in the event that the exercise of such conversion rights by the bondholder will cause: (1) the bondholder and/or parties acting in concert (as defined in the Takeovers Code) with it being required by regulatory authority to make a mandatory general offer to other Shareholders in accordance with the Takeovers Code, unless the bondholder undertakes to the Company to fully comply with all applicable requirements under the Takeovers Code; and/or (2) the public float of the Company being less than 25% of its issued share capital.

EQUITY-LINKED AGREEMENTS (Continued)

Placing of Convertible Bonds in a Total Principal Amount of HK$22,400,000 under 2018 General Mandate (Continued)

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

As of 31 March 2022, the Group has utilised all net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 3 April 2019, which were used for the project in relation to the strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司) as set out in the announcement of the Company dated 4 February 2019.

Placing of Convertible Bonds in a Total Principal Amount of HK$31,140,000 under 2018 General Mandate

On 10 June 2019, the Company and VC Brokerage Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$31,140,000 at the initial conversion price of HK$1.73 per conversion share (subject to adjustments). The last day of the three-year period from the issue date is the maturity date. The outstanding principal amount of the convertible bonds bears interests at 7.5% per annum and shall be payable on the maturity date. On 10 June 2019, being the date on which the terms of the issue were determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.72 per Share. The conditions precedent of the placing have been fulfilled or satisfied on or before 17 July 2019.

On 10 July 2019, convertible bonds in an aggregate principal amount of HK$31,140,000 have been successfully placed to the placees, all of whom and whose ultimate beneficial owners are independent third parties. During the Year, the conversion rights attached to the convertible bonds in the principal amount of HK$2,179,800 have been exercised and converted into 1,260,000 conversion shares (with an aggregate nominal value of HK$12,600) at the initial conversion price of HK$1.73 per conversion share. As of 31 March 2022, the conversion rights attached to the convertible bonds in principal amount of HK$18,684,000 have been exercised at the initial conversion price of HK$1.73 per conversion share, and 10,800,000 conversion shares have been allotted and issued to the convertible bond holders according to the terms and conditions of the convertible bonds with an aggregate nominal value of HK$108,000. The conversion shares rank pari passu in all respects with all Shares in issue on the date of allotment and among themselves.

* *For identification purpose only*

EQUITY-LINKED AGREEMENTS (Continued)

Placing of Convertible Bonds in a Total Principal Amount of HK$31,140,000 under 2018 General Mandate (Continued)

As at 31 March 2022, the outstanding aggregate principal amount of convertible bonds was HK$12,456,000, assuming the full conversion into conversion shares, based on the initial conversion price of HK$1.73 per conversion share, 7,200,000 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights with the aggregate nominal value of HK$72,000. The conversion shares will be allotted and issued under the 2018 General Mandate. The allotment and issue of the conversion shares are not subject to Shareholders' approval, but no bondholder shall exercise any conversion rights and the Company shall not issue any conversion share in the event that the exercise of such conversion rights by the bondholder will cause: (1) the bondholder and/or parties acting in concert (as defined in the Takeovers Code) with it being required by regulatory authority to make a mandatory general offer to other Shareholders in accordance with the Takeovers Code, unless the bondholder undertakes to the Company to fully comply with all applicable requirements under the Takeovers Code; and/or (2) the public float of the Company being less than 25% of its issued share capital.

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

As of 31 March 2022, the Group has utilised all net proceeds, and net proceeds have been used in the manner set out in the announcement of the Company dated 10 July 2019, which were used for the "Digitalisation Project of Smart Agriculture and Livestock Industry in Tongliao* (通遼智慧畜牧產業數字化項目)". As disclosed in such voluntary announcement, during the first stage of such project which takes around two to three years, the Company planned to contribute approximately RMB90,000,000 for the establishment and implementation of its nine sub-projects, and the net proceeds provided the first round of funding for kicking off and setting up of such project.

Use of Net Proceeds from the Subscription of 60,000,000 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 is to be determined, the closing price of the Shares as quoted on the Stock Exchange was HK$1.6 per Share. The estimated net proceeds from the subscription will be up to approximately HK$149 million (after deducting all relevant expenses), therefore the net issue price per subscription share is approximately HK$1.49.

* *For identification purpose only*

EQUITY-LINKED AGREEMENTS (Continued)

Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate (Continued)

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 would 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$74.5 million (equivalent to approximately RMB62.2 million), and the net issue price per subscription share after deduction of related expenses was approximately HK$1.49.

EQUITY-LINKED AGREEMENTS (Continued)

Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate (Continued)

Conditions Precedent to the Second Stage Subscription

The second stage completion is conditional upon the following conditions precedent:

(i) (if the Second Stage Subscription is not covered by the consents and approvals set out in the aforementioned condition precedent (i) to the First Stage Subscription) the Company having obtained all necessary consents and approvals in respect of the specific mandate and the subscription;

(ii) (if the Second Stage Subscription is not covered by the approval set out in the aforementioned condition precedent (ii) to the First Stage Subscription) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the subscription shares, and such permission remaining valid until the second stage completion;

(iii) Shine Well having obtained all necessary consents and approvals in respect of the subscription;

(iv) 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;

(v) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects, and remaining so until the second stage completion; and

(vi) the representations and warranties by Shine Well having remained true, accurate and not misleading in all material respects, and remaining so until the second stage completion.

EQUITY-LINKED AGREEMENTS (Continued)

Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate (Continued)

Conditions Precedent to the Second Stage Subscription (Continued)

Conditions precedent (i) to (iv) above cannot be waived by any parties to the subscription agreement. Condition precedent (v) above can be waived unilaterally by Shine Well, and condition precedent (vi) above can be waived unilaterally by the Company. The parties to the subscription agreement shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) on or before 31 July 2021 (or such later date as may be agreed between the parties to the subscription agreement in writing). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by 31 July 2021, Shine Well may terminate the Second Stage Subscription, but such termination will not lead to the cancellation of the Subscription Agreement and/or the First Stage Subscription.

To avoid any ambiguity, if the total revenue of the Group for the financial year ended 31 March 2019 is lower than RMB265,875,000 and/or if the total revenue of the Group for the financial year ended 31 March 2020 is lower than RMB358,931,250 and/ or if the total revenue of the Group for the financial year ended 31 March 2021 is lower than RMB484,557,190, condition precedent (iv) above shall be regarded as not having been fulfilled or satisfied.

Subject to the fulfillment or satisfaction of the conditions precedent to the Second Stage Subscription (or having been waived, if applicable), the second stage completion shall take place on 30 September 2021 (or such later date as may be agreed between the parties to the subscription agreement in writing).

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. On 18 February 2022, the Company allotted and issued 10,000,000 subscription shares to Shine Well, and the net proceeds (after deducting all relevant expenses) were approximately HK$14.9 million (equivalent to approximately RMB12.1 million) and the net issue price per subscription share was approximately HK$1.49 (after deducting relevant expenses). The remaining 40,000,000 subscription shares were allotted and issued by the Company to Shine Well and the Second Stage Subscription was completed on 29 April 2022.

EQUITY-LINKED AGREEMENTS (Continued)

Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate (Continued)

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 2022, the Group has used a total of approximately RMB37.5 million of the net proceeds, and the net proceeds have been used in the manner as set out in the circular of the Company dated 25 April 2019 (i.e. for the I4 Project, the FSM Project, the MS Project and other projects as stated in the circular), as well as for additional working capital and other general corporate purposes such as staff costs, auditor's remuneration and rental expenses, etc. The unutilised portion of the net proceeds from the subscription has been deposited in a licensed financial institution. Set out below is summary of use of the net proceeds:

	Original allocation of net proceeds from subscription of 60,000,000 subscription shares *(Note 1)*		Actually utilised amount as of 31 March 2022	Unutilised amount as of 31 March 2022
	%	RMB million	RMB million	RMB million
I4 Project	77.8	57.8	21.0 *(Note 2)*	36.8 *(Notes 3, 4)*
Additional working capital and other general corporate purposes	14.8	11.0	11.0	–
FSM Project	3.4	2.5	2.5	–
Other projects, including but not limited to the MS Project	4.0	3.0	3.0	–
	100.0	74.3	37.5	36.8

Notes:

1. The actual amount is less than that in the section headed "(I) THE SUBSCRIPTION — Use of Proceeds" in the letter from Board in the circular of the Company dated 25 April 2019. This is due to the completion of First Stage Subscription only and partial completion of the Second Stage Subscription only as of 31 March 2022, as well as the fluctuation of the exchange rate. The net proceeds from the allotment and issue of the remaining 40,000,000 subscription shares by the Company to Shine Well on 29 April 2022 are not included in the amounts herein. 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 First Stage Subscription was extended from a date falling on or before 30 September 2020 (as originally scheduled) to 3 February 2021; (ii) the Company allotted and issued 10,000,000 subscription shares to Shine Well as part of the Second Stage Subscription on 18 February 2022, and the remaining 40,000,000 subscription shares to Shine Well were issued on 29 April 2022; and (iii) such project partly engages in foreign trading business and the ongoing COVID-19 pandemic and the related epidemic prevention measures have caused certain disruptions to the smooth flow of global logistics and transportation, as well as impacts to the global economic instability, the progress of the use of proceeds was affected. 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.

3. It is expected to be used up in March 2023.

4. The expected timeline for use of unutilised net proceeds is based on the Group's best estimate of future market conditions, subject to current and future changes of market conditions.

EQUITY-LINKED AGREEMENTS (Continued)

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 (the "**Issue Price**") 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 of Bright Leap 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.

EQUITY-LINKED AGREEMENTS (Continued)

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

Consideration Shares Adjustment Mechanism:

For the year ended 31 March 2019:

(a) If the net profit set out in the audited accounts of Bright Leap and its subsidiaries for the year ended 31 March 2019 (the "**First Year Actual Profit**") is not less than RMB10,000,000 (the "**First Year Guaranteed Profit**"), Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$S1 = \frac{(V \times 47\,\% - CC) \times 0.4 \times E}{SP}$$

where

S1 means the number of consideration shares to be issued by the Company in respect of the First Year Guaranteed Profit
V means the valuation of Bright Leap and its subsidiaries of RMB160,000,000 (the "**Valuation**")
CC means the cash consideration of RMB27,520,000 (the "**Cash Consideration**")
E means the exchange rate for the conversion of RMB1 into HK$1.1459 issued by the People's Bank of China on the date of the signing of the First Sale and Purchase Agreement (the "**Exchange Rate**")
SP means the Issue Price

(b) If the First Year Actual Profit is less than the First Year Guaranteed Profit, Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$S1 = \frac{(V \times 47\,\% - CC) \times 0.4 \times E}{SP} \times \frac{AP1}{GP1}$$

where

S1 means the number of consideration shares to be issued by the Company in respect of the First Year Guaranteed Profit
V means the Valuation
CC means the Cash Consideration
E means the Exchange Rate
SP means the Issue Price
AP1 means the First Year Actual Profit, which shall be regarded as zero if there is a loss
GP1 means the First Year Guaranteed Profit

EQUITY-LINKED AGREEMENTS (Continued)

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

Consideration Shares Adjustment Mechanism: (Continued)

For the year ended 31 March 2020:

(a) If the net profit set out in the audited accounts of Bright Leap and its subsidiaries for the year ended 31 March 2020 (the "**Second Year Actual Profit**") is not less than RMB20,000,000 (the "**Second Year Guaranteed Profit**"), Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$S2 = \frac{(V \times 47\% - CC) \times 0.3 \times E}{SP}$$

where

S2 means the number of consideration shares to be issued by the Company in respect of the Second Year Guaranteed Profit
V means the Valuation
CC means the Cash Consideration
E means the Exchange Rate
SP means the Issue Price

(b) If the Second Year Actual Profit is less than the Second Year Guaranteed Profit, Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$S2 = \frac{(V \times 47\% - CC) \times 0.3 \times E}{SP} \times \frac{AP2}{GP2}$$

where

S2 means the number of consideration shares to be issued by the Company in respect of the Second Year Guaranteed Profit
V means the Valuation
CC means the Cash Consideration
E means the Exchange Rate
SP means the Issue Price
AP2 means the Second Year Actual Profit, which shall be regarded as zero if there is a loss
GP2 means the Second Year Guaranteed Profit

EQUITY-LINKED AGREEMENTS (Continued)

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

Consideration Shares Adjustment Mechanism: (Continued)

For the year ended 31 March 2021:

(a) If the net profit set out in the audited accounts of Bright Leap and its subsidiaries for the year ended 31 March 2021 (the "**Third Year Actual Profit**") is not less than the Third Year Guaranteed Profit, Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$S3 = \frac{(V \times 47\,\% - CC) \times 0.3 \times E}{SP}$$

where

S3 means the number of consideration shares to be issued by the Company in respect of the Third Year Guaranteed Profit
V means the Valuation
CC means the Cash Consideration
E means the Exchange Rate
SP means the Issue Price

(b) If the Third Year Actual Profit is less than the Third Year Guaranteed Profit, Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$S3 = \frac{(V \times 47\,\% - CC) \times 0.3 \times E}{SP} \times \frac{AP3}{GP3}$$

where

S3 means the number of consideration shares to be issued by the Company in respect of the Third Year Guaranteed Profit
V means the Valuation
CC means the Cash Consideration
E means the Exchange Rate
SP means the Issue Price
AP3 means the Third Year Actual Profit, which shall be regarded as zero if there is a loss
GP3 means the Third Year Guaranteed Profit

EQUITY-LINKED AGREEMENTS (Continued)

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

Consideration Shares Adjustment Mechanism: (Continued)

For the three years ended 31 March 2021:

If the net profit/loss set out in the audited accounts of Bright Leap and its subsidiaries for the year ended 31 March 2019 (the "**First Year Actual Profit/Loss**"), the net profit/loss set out in the audited accounts for the year ended 31 March 2020 (the "**Second Year Actual Profit/Loss**") and the net profit/loss set out in the audited accounts for the year ended 31 March 2021 (the "**Third Year Actual Profit/Loss**") in aggregate is not less than the sum of the First Year Guaranteed Profit, the Second Year Guaranteed Profit and the Third Year Guaranteed Profit (i.e. RMB55,000,000), Upright Joy shall procure the Company to allot and issue the consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$SD = \frac{(V \times 47\% - CC) \times E}{SP} - SA$$

where

SD means the remainder of consideration shares to be issued by the Company
V means the Valuation
CC means the Cash Consideration
SP means the Issue Price
E means the Exchange Rate
SA means the consideration shares already issued

If the aggregate amount of the First Year Actual Profit/Loss, the Second Year Actual Profit/Loss and the Third Year Actual Profit/Loss is less than the sum of the First Year Guaranteed Profit, the Second Year Guaranteed Profit and the Third Year Guaranteed Profit (i.e. RMB55,000,000), Upright Joy shall procure the Company to allot and issue consideration shares to Wisdom Galore, the number of which shall be calculated according to the following formula:

$$SD = \frac{(V \times 47\% - CC) \times E}{SP} \times \frac{AP}{GP} - SA$$

where

SD means the remainder of consideration shares to be issued by the Company, which shall be regarded as zero if it is a negative number
V means the Valuation
CC means the Cash Consideration
SP means the Issue Price
E means the Exchange Rate
AP means the aggregate amount of the First Year Actual Profit/Loss, the Second Year Actual Profit/Loss and the Third Year Actual Profit/Loss, which shall be regarded as zero if the sum is a negative number
GP means the sum of the First Year Guaranteed Profit, the Second Year Guaranteed Profit and the Third Year Guaranteed Profit
SA means the consideration shares already issued

EQUITY-LINKED AGREEMENTS (Continued)

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

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

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

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

Conditions Precedent to the Placing

The completion of the placing shall be subject to the following conditions:

(i) the Listing Committee having granted the listing of and permission to deal in the placing shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the placing shares); and

(ii) the Company's representations and warranties made pursuant to the placing agreement being true and accurate and not misleading in material respects as of the date of the placing agreement and the completion date.

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

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

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

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

As of 31 March 2022, the Group used up all of the net proceeds, and the net proceeds have been used in the manner as set out in the announcements of the Company dated 5 May 2021 and 13 May 2021, which are as follows:

(i) approximately 90%, or HK$68,300,000 (equivalent to approximately RMB56,800,000) had been used to invest in its 5G products and systems, for example, purchase of raw materials, research and development and marketing; and

(ii) approximately 10%, or HK$7,600,000 (equivalent to approximately RMB6,300,000) had been used to provide funding for its working capital and other general corporate purposes.

EQUITY-LINKED AGREEMENTS (Continued)

Use of Net Proceeds from the Placing of New Shares under 2020 General Mandate (Continued)

The utilisation of net proceeds was summarised as below:

	Planned allocation of the net proceeds from the placing of new Shares		Actually utilised amount as of 31 March 2022	Unutilised amount as of 31 March 2022
	%	RMB million	RMB million	RMB million
Investments in 5G products and systems	90	56.8	56.8	–
Funding for its working capital and other general corporate purposes	10	6.3	6.3	–
	100	63.1	63.1	–

Placing of New Shares under the 2021 General Mandate and its Termination

On 3 March 2022, the Company and VC Brokerage Limited (as the placing agent) entered into the placing agreement, pursuant to which the Company has agreed to appoint VC Brokerage Limited as 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 72,000,000 ordinary shares with placing price of HK$3.00 per placing share shall be offered by the placing agent to not less than six placees during the placing period. As at 3 March 2022 (the date of entering the placing agreement), the closing price of the Shares as quoted on the Stock Exchange was HK$3.64 per Share.

Assuming all the placing shares are successfully placed by the placing agent, the maximum gross proceeds from the placing will be HK$216,000,000. The maximum net proceeds of approximately HK$210,520,000 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 50% for the research and development, production, promotion and marketing in the ITAI industry in the PRC (including terminal products and industry solutions); (ii) approximately 40% for 5G products and systems, e.g. purchase of raw materials, research and development and marketing; and (iii) approximately 10% for general working capital of the Group.

EQUITY-LINKED AGREEMENTS (Continued)

Placing of New Shares under the 2021 General Mandate and its Termination (Continued)

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 25 March 2022, 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 3 March 2022 and 25 March 2022.

RELATIONSHIP WITH EMPLOYEES

The Group values employees who are the Group's most important assets. The Group rewards its staff with competitive remuneration packages and benefits. The Group is committed to fostering a conducive, harmonious and discrimination-free working environment.

CHARITY AND DONATIONS

Charitable donations made by the Group during the Year amounted to RMB1 million (2021: Nil).

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group values mutually beneficial long-standing relationships with business partners. The Group maintains a good relationship with suppliers and customers via establishing cooperation strategy with suppliers, and providing quality services and consumption experiences to its customers respectively. The Group also maintains constant communication with its suppliers to actively and effectively strengthen the business cooperation relationship, which helps ensure their timely delivery according to specification, and in turn, ensure the stability of the Group's business.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements and the risks of violating relevant regulations. To address the increasingly complicated business and regulatory environments, the Group strengthened its efforts to comply with new or revised regulatory requirements and meet the rising expectations from its stakeholders. In addition to its ongoing review over newly enacted or revised laws and regulations that may affect the business of the Group, the Group provided relevant training and guidelines to its employees to ensure their compliance.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

DISTRIBUTABLE RESERVES

The reserves distributable to the Shareholders amounting to approximately RMB497.99 million as at 31 March 2022 (31 March 2021: approximately RMB300.15 million) included share premium and retained profits.

DIRECTORS

During the Year and up to the date of this Annual Report, the Directors comprised:

Executive Directors

Mr. Lai Tse Ming *(Chairman)*
Mr. Gao Weilong *(Chief Executive Officer and Deputy Chairman)(Note 1)*
Mr. Liang Jun *(Deputy Chairman)*
Mr. Teng Feng
Mr. Yu Kin Keung

Independent Non-executive Directors

Dr. He Tianxiang
Dr. Wong Kwok Yan
Mr. Hung Muk Ming
Mr. Liu Ping *(Note 2)*

DIRECTORS (Continued)

Notes:

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

2. Mr. Liu was appointed as an independent non-executive Director on 14 July 2021.

Particulars of the Directors are set out in the section headed "Directors and Senior Management" of this Annual Report.

Pursuant to the articles of association of the Company (the "**Articles of Association**") and the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), Mr. Gao Weilong, Mr. Teng Feng and Mr. Hung Muk Ming shall retire by rotation in accordance with Articles 84 of the Articles of Association. All retiring Directors are eligible and willing to offer themselves for re-election at the forthcoming annual general meeting of the Company.

CHANGES TO DIRECTORS' INFORMATION

The changes of information of the Directors since the date of the annual report of the Company for the year ended 31 March 2021 to the date of this Annual Report pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Lai Tse Ming

- Mr. Lai is a director of each of the Company's subsidiaries (excluding IBO Shenzhen Digital Limited* (深圳市艾伯數字有限公司), each member of Weitu Group, IBO Intelligent (Shenzhen) Limited* (艾伯智能(深圳)有限公司), Shenzhen IBO Supply Chain Technology Co., Ltd.* (深圳市艾伯供應鏈科技有限公司), IBO Shenzhen Information Technology Limited* (深圳市艾伯信息科技有限公司), IBO Communication, Inner Mongolia Haoniu E-commerce Digital Technology Co., Ltd.* (內蒙古好牛易購數字科技有限公司), IBO Electronics and Shenzhen IBO Holdings Company Limited* (深圳市艾伯控股有限公司)) at the date of this Annual Report; and

- On 29 April 2022, Mr. Lai became the single largest substantial Shareholder instead of the controlling Shareholder.

Mr. Gao Weilong

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

Mr. Hung Muk Ming

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

* *For identification purpose only*

PERMITTED INDEMNITY PROVISION

In accordance with the Articles of Association, as well as subject to laws and regulations, all lawsuits, costs, fees, losses, damages and expenses which each Director may sustain or incur with respect to or in connection with the performance of his/her office shall be indemnified against the assets and profits of the Company save that such indemnity will not extend to any matter involving any fraud or dishonesty committed by any such Director. The Company maintained liability insurance for the Directors and the senior management during the Year.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors entered into a service contract or letter of appointment with the Company for a term of three years, which shall continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors had any existing or proposed service contracts with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the paragraphs headed "Equity-linked Agreements", "Share Option Scheme", "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" and "Connected Transaction and Related Party Transaction" in this section, the Company, its holding company or any of its subsidiaries had not entered into any arrangements at any time during the Year to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) or their respective associates to acquire benefits by means of acquisitions of Shares, and/or debt securities (including the debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the paragraphs headed "Equity-linked Agreements", "Share Option Scheme", "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" and "Connected Transaction and Related Party Transaction" in this section and note 45 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his connected entity had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN MATERIAL CONTRACTS

Save as disclosed in this Annual Report, no controlling Shareholder or any of its subsidiaries had any material contract (including material contracts for the provision of services) with the Company or its subsidiaries during the Year.

MANAGEMENT CONTRACTS

During the Year, no management and administration contracts involving the entire or any material part of the Group's business were entered into or existed.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 March 2022 by an independent professional property valuer and the gain/loss arising from changes in fair value of investment properties was charged directly to profit or loss. Details of the Group's properties as at 31 March 2022 are set out in note 18 to the consolidated financial statements.

Such investment properties represent a total of 8 office units with unit numbers of 8A to 8H for office purpose which are located at 8th Floor, Yonghui Building of Guoqi Mansion, No. 1002 of Shangbu South Road, Futian District, Shenzhen City, Guangdong Province, the PRC. They have a gross floor area of approximately 732.76 sq.m. and is freehold.

SHARE OPTION SCHEME

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

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the Shareholders passed on 6 December 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants, and to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

(b) Scope of participants and eligibility of participants

The Board may, at its discretion, invite the following persons to take up the share options:

(i) director (including any executive, non-executive and independent non-executive director) or any employee (whether full-time or part-time) of any member of the Group;

(ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;

(iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;

(iv) any provider of goods and/or services to the Group; or

(v) any other person who the Board considers, in its sole determination, has contributed to the Group.

In determining the basis of eligibility of each participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

SHARE OPTION SCHEME (Continued)

(c) Acceptance of Offer

Offer of a share option (the "**Offer**") shall be deemed to have been accepted by the grantee when the duplicate letter comprising acceptance of the Offer duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the Offer.

(d) Subscription price

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to the participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer date which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer date; and (iii) the nominal value of a Share.

(e) Maximum number of Shares available for subscription

(i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of the Shares in issue as at the date of completion of the global offering and the capitalisation issue, unless the Company obtains an approval from the Shareholders pursuant to (ii) below.

(ii) Subject to (iv) below, the Company may seek approval of the Shareholders in general meeting to refresh the 10% limit set out in (i) above such that the total number of Shares in respect of which share options may be granted by the Board under the Share Option Scheme shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the refreshed limit.

(iii) Subject to (iv) below, the Company may seek separate approval from the Shareholders in general meeting for granting share options to specified participant(s) beyond the 10% limit provided the share options granted in excess of such limit are granted only to participants specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

(iv) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of Shares in respect of which share options may be granted under the Share Option Scheme together with any share options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No share option may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

(f) Conditions, restrictions or limitations on offers of share options

Unless otherwise determined by the Board and specified in the letter containing the Offer, there is no minimum period for which a share option must be held before it can be exercised and no performance target need to be achieved by the grantee before the share options can be exercised. Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may during the life of the Share Option Scheme when making the Offer impose any conditions, restrictions or limitations in relation to the share options as it may at its absolute discretion think fit.

SHARE OPTION SCHEME (Continued)

(g) Maximum entitlement of Shares of each participant

(i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

(ii) Notwithstanding (i) above, any further grant of share options to a participant in aggregate over 1% of the total number of Shares in issue must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or his/her close associates if the participant is a connected person) abstaining from voting. The number and the terms of the share options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Grant of share options to connected persons

(i) Any grant of share options to a participant who is a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the participant).

(ii) Where the Board proposes to grant any share option to a participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such grant, would result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such participant in the 12-month period up to and including the proposed Offer date of such grant:

(1) representing in aggregate more than 0.1% of the total number of Shares in issue at the date of such grant; and

(2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of such grant and if the date of such grant is not a trading day, the trading day immediately preceding the date of such grant, in excess of HK$5,000,000, such proposed grant of share options must be approved by the Shareholders in general meeting and the Company must send a circular to the Shareholders containing all those terms as required under the Listing Rules. The participant concerned, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting (except where any connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such share options must be taken on a poll.

(i) Exercise of share options

A share option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which such share option was granted, at any time during the option period, which a period to be notified by the Board provided that the period within which a share option must be exercised shall not be more than 10 years from the date of grant. A share option shall lapse automatically (to the extent not already exercised) on the expiry of the option period.

SHARE OPTION SCHEME (Continued)

(j) Duration of the Share Option Scheme

The Share Option Scheme shall remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which no further share options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Share Option Scheme and not then exercised shall continue to be exercisable in accordance with their terms of issue.

The scheme mandate limit of the Share Option Scheme was refreshed on 30 September 2021 as the Shareholders passed an ordinary resolution at an annual general meeting of the Company to refresh the 10% scheme mandate limit under the Share Option Scheme in order to enable the Company to grant further share options up to a maximum of 55,052,314 Shares based on the 550,523,141 issued Shares. As of the date of this Annual Report, the Company had not granted share options pursuant to the refreshed 10% scheme mandate limit, and the outstanding number of share options available for issue under the existing scheme mandate limit is 55,052,314, representing 8.6% of the issued Shares.

The maximum number of Shares which may be issued upon exercise of all share options granted and/or to be granted under the Share Option Scheme is 96,122,838 Shares, representing 15.1% of the total number of issued Shares as at the date of this Annual Report.

SHARE OPTION SCHEME (Continued)

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

Granted		Number of share options										
			During the Year									
Name and/ or category of grantees	Date of grant of share options	Outstanding as at 1 April 2021	Granted	Exercised	Cancelled	Lapsed	Outstanding as at 31 March 2022	Vesting period of share options	Exercisable period of shares options	Exercise price per Share HK$	Closing price per Share immediately before the date of grant HK$	
Directors												
Mr. Lai	17 May 2019	6,000,000	–	(6,000,000)	–	–	–	Vested immediately on the date of grant	17 May 2019– 16 February 2022	1.6	1.78	*(Note 1)*
Mr. Lai	17 May 2019	6,000,000	–	(6,000,000)	–	–	–	17 May 2019– 16 February 2020	17 February 2020– 16 February 2022	1.6	1.78	*(Note 1)*
Mr. Lai	17 May 2019	8,000,000	–	(8,000,000)	–	–	–	17 May 2019– 16 February 2021	17 February 2021– 16 February 2022	1.6	1.78	*(Note 1)*
Mr. Gao Weilong ("**Mr. Gao**")	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 2)*
Mr. Gao	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 2)*
Mr. Gao	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 2)*
Mr. Teng Feng ("**Mr. Teng**")	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 2)*
Mr. Teng	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 2)*
Mr. Teng	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 2)*
Mr. Yu Kin Keung ("**Mr. Yu**")	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Yu	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Yu	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 3)*
Mr. Yu	16 July 2021	–	1,647,789	–	–	–	1,647,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	*(Note 5)*
Mr. Yu	16 July 2021	–	1,647,789	–	–	–	1,647,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	*(Note 5)*
Mr. Yu	16 July 2021	–	2,197,053	–	–	–	2,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	*(Note 5)*
Mr. Liang Jun ("**Mr. Liang**")	16 July 2021	–	1,647,789	–	–	–	1,647,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	*(Note 5)*
Mr. Liang	16 July 2021	–	1,647,789	–	–	–	1,647,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	*(Note 5)*
Mr. Liang	16 July 2021	–	2,197,053	–	–	–	2,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	*(Note 5)*
Consulting firm												
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 4)*
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 4)*
Chatwin Capital Services Limited	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 4)*
Chatwin Capital Services Limited	16 July 2021	–	1,647,789	–	–	–	1,647,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	*(Note 5)*
Chatwin Capital Services Limited	16 July 2021	–	1,647,789	–	–	–	1,647,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	*(Note 5)*
Chatwin Capital Services Limited	16 July 2021	–	2,197,053	–	–	–	2,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	*(Note 5)*
Employees	29 June 2018	7,200,000	–	(7,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018– 28 June 2021	1.612	1.55	*(Note 2)*
Employees	29 June 2018	7,200,000	–	(7,200,000)	–	–	–	29 June 2018– 28 June 2019	29 June 2019– 28 June 2021	1.612	1.55	*(Note 2)*
Employees	29 June 2018	9,600,000	–	(9,600,000)	–	–	–	29 June 2018– 28 June 2020	29 June 2020– 28 June 2021	1.612	1.55	*(Note 2)*
Employees	16 July 2021	–	6,147,789	–	–	–	6,147,789	Vested immediately on the date of grant	16 July 2021– 15 July 2024	3.652	3.60	*(Note 5)*
Employees	16 July 2021	–	6,147,789	–	–	–	6,147,789	16 July 2021– 15 July 2022	16 July 2022– 15 July 2024	3.652	3.60	*(Note 5)*
Employees	16 July 2021	–	8,197,053	–	–	–	8,197,053	16 July 2021– 15 July 2023	16 July 2023– 15 July 2024	3.652	3.60	*(Note 5)*
Employees	20 August 2021	–	1,230,000	–	–	–	1,230,000	20 August 2021– 19 August 2022	20 August 2022– 19 August 2025	3.354	3.33	*(Note 6)*
Employees	20 August 2021	–	1,230,000	–	–	–	1,230,000	20 August 2021– 19 August 2023	20 August 2023– 19 August 2025	3.354	3.33	*(Note 6)*
Employees	20 August 2021	–	1,640,000	–	–	–	1,640,000	20 August 2021– 19 August 2024	20 August 2024– 19 August 2025	3.354	3.33	*(Note 6)*
Total		**60,000,000**	**41,070,524**	**(60,000,000)**	**–**	**–**	**41,070,524**					

SHARE OPTION SCHEME (Continued)

Notes:

1. On 17 February 2019, the Board proposed to grant 20,000,000 share options to Mr. Lai in aggregate. At the extraordinary general meeting held on 17 May 2019, the resolution in respect of approving the proposed grant of share options to Mr. Lai was duly passed by Shareholders by the way of poll. Further details are set out in the announcements of the Company dated 17 February 2019 and 17 May 2019, as well as the circular of the Company dated 25 April 2019. The 15,000,000 share options and 5,000,000 share options granted to the grantees were exercised on 15 February 2022 and 16 February 2022 respectively at a weighted average closing price of HK$3.2375 per Share immediately before the dates of exercise.

2. All the share options granted to the grantees were exercised on 25 June 2021, and the weighted average closing price of each Share immediately before the option exercise date was HK$3.65.

3. All the share options granted to the grantee were exercised on 21 June 2021, and the weighted average closing price of each Share immediately before the option exercise date was HK$3.81.

4. All the share options granted to the grantee were exercised on 28 June 2021, and the weighted average closing price of each Share immediately before the option exercise date was HK$3.69.

5. All outstanding or unexercised share options granted to the grantees shall lapse after 15 July 2024.

6. All outstanding or unexercised share options granted to the grantees shall lapse after 19 August 2025.

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

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares

Name of Directors	Capacity/Nature of interests	Number of Shares held/interested in	Underlying Shares (under equity derivatives of the Company) *(Note 3)*	Percentage of shareholding/ interests *(Note 1)*
Mr. Lai	Interest of controlled corporation and beneficial owner	217,320,000 *(Notes 2, 4)*	–	37.44%
Mr. Yu	Beneficial owner	2,294,000	5,492,631	1.34%
Mr. Liang	Beneficial owner	–	5,492,631	0.95%

Long positions in the ordinary shares of an associated corporation

Name of Director	Name of associated corporation	Capacity/Nature of interests	Number of shares held/interested in	Percentage of shareholding
Mr. Lai	Shine Well	Beneficial owner *(Note 5)*	13,000,000	100%

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

Notes:

1. The percentage of shareholding is calculated based on 580,523,141 Shares in issue as at 31 March 2022.

2. Out of the 217,320,000 Shares, 20,000,000 Shares are wholly and beneficially owned by Mr. Lai, and the remaining 197,320,000 Shares are wholly and beneficially owned by Shine Well. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai.

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

4. A subscription agreement entered into between the Company and Shine Well on 17 February 2019, pursuant to which, Shine Well has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue a total of 100,000,000 subscription shares at the subscription price of HK$1.5 per subscription share at a cash consideration of up to HK$150,000,000. The aggregate nominal value of the subscription shares is HK$1,000,000. The subscription will be completed in two stages with 50,000,000 subscription shares in each of the First Stage Subscription and the Second Stage Subscription. Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 3 February 2021, 50,000,000 subscription shares were allotted and issued by the Company to Shine Well and the First Stage Subscription was completed. As at 31 March 2022, the Second Stage Subscription has not yet been completed, and it is expected that the 50,000,000 subscription shares would be allotted and issued by the Company to Shine Well upon completion of the Second Stage Subscription, which has been included in the disclosure of interests for these 217,320,000 Shares. On 18 February 2022 and 29 April 2022, 10,000,000 subscription shares and 40,000,000 subscription shares were allotted and issued by the Company to Shine Well and the Second Stage Subscription was completed. 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.

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

Save as disclosed herein, as at 31 March 2022, none of the Directors and chief executive of the Company, or any of their spouses, or children under 18 years of age, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 March 2022, as far as known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had the interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Substantial Shareholders' long positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/interested in	Underlying Shares (under equity derivatives of the Company) *(Note 3)*	Percentage of shareholding *(Note 1)*
Shine Well *(Note 2)*	Beneficial owner	197,320,000 *(Note 4)*	–	33.99%
Ms. Ho Fung Lin ("**Ms. Ho**") *(Note 2)*	Interests of spouse	217,320,000 *(Note 4)*	–	37.44%

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

Other persons' long positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/interested in	Underlying Shares (under equity derivatives of the Company)	Percentage of shareholding *(Note 1)*
Value Convergence Holdings Limited *(Note 5)*	Beneficial owner and interests in a controlled corporation	47,014,000 *(Note 6)*	3,600,000 *(Note 7)*	8.72%
Mr. Xiong Shaoming (熊少明) ("**Mr. Xiong**")	Beneficial owner and interests in a controlled corporation *(Note 9)*	42,712,000	–	7.36%
Ms. Han Xiao (韓笑) ("**Ms. Han**") *(Note 8)*	Interests of spouse	42,712,000	–	7.36%
Ms. Zheng Miaofang (鄭妙芳) ("**Ms. Zheng**")	Beneficial owner	32,000,000	–	5.51%
Mr. Yu Shaoguang (余少光) *(Note 10)*	Interests of spouse	32,000,000	–	5.51%

Notes:

1. The percentage of shareholding is calculated based on 580,523,141 Shares in issue as at 31 March 2022.

2. The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai. Mr. Lai is therefore deemed to be interested in the Shares held by Shine Well pursuant to the SFO. Ms. Ho is the spouse of Mr. Lai and thus she is deemed to be interested in the Shares in which Mr. Lai is interested for the purpose of the SFO.

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

4. A subscription agreement was entered into between the Company and Shine Well on 17 February 2019, pursuant to which, Shine Well has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue a total of 100,000,000 subscription shares at the subscription price of HK$1.5 per subscription share at a cash consideration of up to HK$150,000,000. The aggregate nominal value of the subscription shares is HK$1,000,000. The subscription will be completed in two stages with 50,000,000 subscription shares in each of the First Stage Subscription and the Second Stage Subscription. Shine Well may not subscribe less than 50,000,000 subscription shares in each stage. On 3 February 2021, 50,000,000 subscription shares were allotted and issued by the Company to Shine Well and the First Stage Subscription was completed. As at 31 March 2022, the Second Stage Subscription has not yet been completed, and it is expected that the 50,000,000 subscription shares would be allotted and issued by the Company to Shine Well upon completion of the Second Stage Subscription, which has been included in the disclosure of interests for these 217,320,000 Shares. On 18 February 2022 and 29 April 2022, 10,000,000 subscription shares and 40,000,000 subscription shares were allotted and issued by the Company to Shine Well and the Second Stage Subscription was completed. 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.

5. Value Convergence Holdings Limited is a company incorporated in Hong Kong with limited liability and listed on the Main Board (Stock code: 0821).

6. Out of the 47,014,000 Shares, 44,552,000 Shares are wholly and beneficially owned by Value Convergence Holdings Limited, and the remaining 2,462,000 Shares are wholly and beneficially owned by VC Brokerage Limited. VC Brokerage Limited is a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by VC Financial Group Limited (a limited company incorporated in BVI), while VC Financial Group Limited is wholly and beneficially owned by Value Convergence Holdings Limited. Value Convergence Holdings Limited is therefore deemed to be interested in the Shares held by VC Brokerage Limited for the purpose of the SFO.

7. The convertible bond in the principal amount of HK$5,760,000 was transferred to Value Convergence Holdings Limited by other convertible bondholder of the Company. Assuming full conversion into conversion shares, based on the initial conversion price of HK$1.6 per conversion share, 3,600,000 conversion shares would be allotted and issued by the Company to Value Convergence Holdings Limited upon full exercise of the conversion right. As at 31 March 2022, Value Convergence Holdings Limited still holds the convertible bond in the principal amount of HK$5,760,000 which were fully converted into conversion shares on 1 April 2022 (allotted and issued on 6 April 2022).

8. Ms. Han is the spouse of Mr. Xiong and is therefore deemed to be interested in Shares in which Mr. Xiong is interested for the purpose of the SFO.

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

Other persons' long positions in the Shares (Continued)

Notes: (Continued)

9. Out of the 42,712,000 Shares, 32,712,000 Shares are wholly and beneficially owned by Mr. Xiong, and the remaining 10,000,000 Shares are wholly and beneficially owned by Andy Xiong Holding Limited. As the issued share capital of Andy Xiong Holding Limited is wholly and beneficially owned by Mr. Xiong, Mr. Xiong is deemed to be interested in the Shares held by Andy Xiong Holding Limited by virtue of the SFO.

10. As Mr. Yu Shaoguang is the spouse of Ms. Zheng, he is therefore deemed to be interested in the Shares in which Ms. Zheng is interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any persons (other than the Directors and chief executives of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMOLUMENT POLICY

The emolument policy of the employees and seniors management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are determined by the Remuneration Committee, having regard to market competitiveness, individual performance and achievement.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration, having regard to relevant Director's experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration. Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 12 and 13 to the consolidated financial statements in this Annual Report.

RETIREMENT SCHEMES

The Group participated in the Mandatory Provident Fund Scheme (the "**MPF Scheme**") in favor of all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the management of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified thereof. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the scheme.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

CONNECTED TRANSACTION AND RELATED PARTY TRANSACTION

On 17 February 2019, the Company and Shine Well entered into a subscription agreement, 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. Further details are set out in the paragraph headed "Equity-linked Agreements — Use of Net Proceeds from the Subscription of 60,000,000 Subscription Shares by a Connected Person under Specific Mandate" in this section.

Save as disclosed above, details of related party transactions of the Group are set out in note 45 to the consolidated financial statements and none of them fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Mr. Lai and Shine Well[1] (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.

COMPETING BUSINESS

During the Year, none of the Directors or the controlling Shareholder and their respective close associates had any interests in any business, apart from the business of the Group, which competes or is likely to compete (either directly or indirectly) with the business of the Group.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Note:

(1) During the Year, Mr. Lai was the controlling Shareholder. As at the date of this Annual Report, Mr. Lai and Shine Well (which is wholly and beneficially owned by Mr. Lai) together hold approximately 25.3% of the entire issued share capital of the Company, out of which Shine Well holds approximately 22.2% out of the said approximately 25.3% shareholding; and accordingly Mr. Lai is the single largest substantial Shareholder.

TAX RELIEF

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the securities of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Details of the Group's transactions with its major customers and suppliers during the Year are set out below:

The 5 largest customers of the Group accounted for approximately 75% of the Group's revenue and the largest customer accounted for approximately 12% of the Group's revenue. The 5 largest suppliers of the Group accounted for 90% of the Group's purchases and the largest supplier accounted for approximately 40% of the Group's purchases.

None of the Directors, their associates or any other Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of the Annual Report, there was a sufficient prescribed public float of the issued Shares under the Listing Rules.

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 2022, the register of members will be closed from 15 September 2022 to 20 September 2022, 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 2022.

EVENTS AFTER THE REPORTING PERIOD

Winning the Tender 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 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 sum 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.

* *For identification purpose only*

EVENTS AFTER THE REPORTING PERIOD (Continued)

Discloseable Transaction of the Acquisition of Time Lead

On 21 April 2022, Successful Joy Holdings Limited (成悦控股有限公司) ("**Successful Joy**"), a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with, among others, Skill Time Developments Limited (藝時發展有限公司) ("**Skill Time**"), pursuant to which Successful Joy has conditionally agreed to purchase, and Skill Time has conditionally agreed to sell the sale shares, representing 16.67% of the issued share capital of Time Lead Enterprises Limited (時領企業有限公司) ("**Time Lead**", together with its subsidiaries, the "**SDXC Group**"), at the consideration of RMB20,000,000 (equivalent to approximately HK$24,509,804) (the "**Acquisition of Time Lead**"). The consideration shall be satisfied by the issue of the convertible bonds by the Company to Skill Time. In addition, subject to the fulfillment of certain performance targets, Successful Joy conditionally agreed to pay the performance bonuses of up to RMB80,000,000 (equivalent to approximately HK$98,039,216) by issuing incentive shares by the Company to Skill Time. Accordingly, the aggregate of the consideration and the performance bonuses amounts to RMB100,000,000 (equivalent to approximately HK$122,549,020).

Subject to the conversion condition under the convertible bonds instrument, the convertible bonds will carry the conversion rights to convert into the conversion shares at the conversion price of HK$2.924 per conversion share (subject to adjustments). Assuming the convertible bonds are converted in full at the initial conversion price, a maximum of 8,382,285 conversion shares will be allotted and issued by the Company. Subject to the terms of the convertible bonds instrument, if the conversion condition is not fulfilled, the Company shall redeem the convertible bonds in full by the redemption transfer. After the redemption transfer, Successful Joy will be deemed to have completed the redemption of the convertible bonds and Skill Time's rights as bondholder will be extinguished and released. Assuming all the performance targets are fulfilled, a maximum of 33,529,142 incentive shares will be allotted and issued by the Company at an issue price of HK$2.924 per incentive share as the performance bonuses. The conversion shares and the incentive shares shall be allotted and issued pursuant to the 2021 General Mandate.

On 17 May 2022, Successful Joy and Skill Time entered into a supplemental sale and purchase agreement to (i) amend the condition precedent to the Acquisition of Time Lead relating to the listing approval of conversion shares; (ii) amend the conditions of the issue of the incentive shares; and (iii) add the term relating to the obtaining of the listing approval of the incentive shares.

Upon completion of the Reorganisation (as defined in the announcement of the Company dated 21 April 2022), Time Lead will indirectly own 60% equity interest in SDXC Shenzhen.

SDXC Shenzhen is a company established in the PRC with limited liability, which mainly engages in the design, development, manufacturing and sales of domestically-produced computer software and hardware products, electronic products, components and related technology in the PRC. For example, it engages in design and integration of the main board, structure and exterior of next unit of computing (NUC), notebook, personal computer, server, etc.

The SDXC Group is principally engaged in the design, development, production and sales of main boards for mini desktop computers, notebook computers and industrial mobile terminal products. The key members of the management team of the SDXC Group have worked in the leading positions in international manufacturing companies of computer products. With their professional knowledge, experiences and connections in the industry, the Company believes that the Acquisition of Time Lead will bring many benefits to the business development in the ITAI industry for the Group.

EVENTS AFTER THE REPORTING PERIOD (Continued)

Discloseable Transaction of the Acquisition of Time Lead (Continued)

Benefits of the Acquisition of Time Lead to the Company

The SDXC Group is currently one of the core suppliers of the Group's localised main boards for mini desktop computers, notebook computers and industrial mobile terminal products. In view of the superior and stable quality of the products and services supplied, the Group considers that the Acquisition of Time Lead is beneficial to lock in the resources of this high-quality supplier in the industry, to form a deeper level of common interests, to strengthen mutual trust so as to carry out all-round cooperation, to give full play to respective advantages, and to promote the development of the ITAI business of the Group.

The management team of the SDXC Group has extensive industry experience in the design, development and production of main boards for mini desktop computers, notebook computers and industrial mobile terminal products, is familiar with the upstream and downstream of the industry chain, and has industry contacts. The establishment of a comprehensive cooperative relationship through the Acquisition of Time Lead will facilitate the Group to speedily open up upstream and downstream resources and provide assistance in areas such as component procurement, manufacturing and market resource development.

In the industrial application and promotion of ITAI products, it is usually necessary to design and develop industry mobile terminals or computer products, adapt industry application software, and debug peripheral equipment such as card readers and scanners based on industry characteristics, in order to ensure the software and hardware systems and peripheral equipment of ITAI products can be well matched to meet the specific needs of applications in different industries. Therefore, the design and development capabilities of ITAI products are critical for industry application promotion. The technical team of the SDXC Group has relatively rich experience in the design and development of main boards for desktop computers, notebook computers and industrial mobile terminal products, and can cooperate and complement the development team of the Group to enhance the design and development capabilities for ITAI products of the Group, laying a more solid foundation for the promotion of industry application of ITAI products of the Group.

The completion of the Acquisition of Time Lead is subject to fulfillment of the corresponding conditions precedent. Further details, including the payment mechanism for the performance bonuses and the principal terms of the convertible bonds, are set out in the announcements of the Company dated 1 March 2022, 21 April 2022 and 17 May 2022.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past five financial years are set out on page 232 of this Annual Report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee consists of three independent non-executive Directors, namely Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming (chairman). 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 auditor 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.

AUDITOR

The consolidated financial statements for the year ended 31 March 2020 were audited by Deloitte Touche Tohmatsu. On 8 June 2021, Deloitte Touche Tohmatsu resigned as the auditor of the Company, and KTC Partners CPA Limited was appointed as the auditor of the Company on the same day, to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu. Further details are set out in the announcement of the Company dated 8 June 2021. KTC Partners CPA Limited was re-appointed as the auditor of the Company at the annual general meeting of the Company held on 30 September 2021. It will retire and be willing to be re-appointed as the auditor of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board

Lai Tse Ming
Chairman and Executive Director

Hong Kong, 30 June 2022

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code 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 OF CONDUCT OF 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.

BOARD OF DIRECTORS

Board Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making, which assumes the responsibility for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The Board currently comprises the following Directors:

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

Independent Non-executive Directors
Dr. He Tianxiang
Dr. Wong Kwok Yan
Mr. Hung Muk Ming
Mr. Liu Ping (appointed on 14 July 2021)

None of the members of the Board is related to one another. Details of background and qualifications of all Directors are set out in the section headed "Directors and Senior Management" of this Annual Report.

The Board possesses a balance of skills and experience which are appropriate for the requirements of the business of the Group. The roles of the chairman of the Board and chief executive officer of the Company are separate and exercised by Mr. Lai Tse Ming and Mr. Gao Weilong respectively. A balanced composition of executive and independent non-executive Directors also generates a strong independent element on the Board, which allows independent and objective decision making process for the best interest of the Group. The composition of the Board is reviewed by the Company from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the business of the Company.

BOARD OF DIRECTORS (Continued)

Chairman and Chief Executive Officer

Code provision A.2.1 of the Corporate Governance Code (which has been re-numbered as code provision C.2.1 since 1 January 2022) requires that the responsibilities between the chairman and the chief executive officer should be segregated.

The two positions are held separately by two individuals to ensure their respective independence, accountability and responsibility. Mr. Lai Tse Ming is the chairman of the Board and Mr. Gao Weilong is the chief executive officer and deputy chairman of the Company. Mr. Lai Tse Ming is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. Mr. Gao Weilong is responsible for the overall management of the Group. The Company considered that the division of responsibilities between the chairman of the Board and chief executive officer of the Company is clearly established.

Code provision A.2.7 of the Corporate Governance Code (which has been re-numbered as code provision C.2.7 since 1 January 2022) requires that the chairman should at least annually holds meetings with the independent non-executive Directors without the presence of other Directors present. During the Year, the chairman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors.

Independent Non-executive Directors

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The role of independent non-executive Directors is to provide independent and unbiased opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the Shareholders and the Group. Independent non-executive Directors serve actively on the Board and the committees of the Board to provide their independent, constructive and informed comments.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the Directors entered into a service contract or letter of appointment with the Company for a term of three years, which shall continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

The Articles of Association provides that the Directors shall be entitled to appoint any person as a Director either to fill a casual vacancy of the Board or as an addition to the existing Board from time to time and at any time. Any Director appointed by Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting, and any Director appointed by Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

BOARD OF DIRECTORS (Continued)

Responsibilities of the Directors

The Board is primarily responsible for overseeing and managing the Company's affairs, including the responsibilities for adopting long-term strategies and appointing and supervising the senior management to ensure that the operation of the Group is conducted in accordance with the objective of the Group.

The Board is also responsible for determining the Company's corporate governance policies which include:

(a) To develop and review the Company's policies and practices on corporate governance;

(b) To review and monitor the training and continuous professional development of Directors and senior management;

(c) To review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;

(d) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) To review the Company's compliance with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules and its disclosure requirements in the Corporate Governance Report.

During the Year, the Board had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management, who fulfill their duties within their scope of authority and responsibility. Division heads are responsible for different aspects of the businesses. Major functions delegated to management include preparation of annual and interim results; execution of business strategies and initiatives adopted by the Board; implementation of adequate risk management and internal control systems; and compliance with the relevant statutory requirements. The functions and power that are so delegated are reviewed periodically by the Company to ensure that they remain appropriate.

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors

Every newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The company secretary of the Company (the "**Company Secretary**") from time to time provides the Directors with updates on the latest development and changes to the Listing Rules and other relevant legal and regulatory requirements. The Directors are encouraged to participate in continuous professional developments (the "**Continuous Professional Development**") to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the Year, all Directors have participated in Continuous Professional Development to develop and refresh their knowledge and skills. A summary of training received by the Directors is as follows:

	Training Areas	
Name of Directors	Corporate governance/ updates on laws, rules & regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Mr. Lai Tse Ming *(Chairman)*	✓	✓
Mr. Gao Weilong *(Chief Executive Officer and Deputy Chairman)*	✓	✓
Mr. Liang Jun *(Deputy Chairman)*	✓	✓
Mr. Teng Feng	✓	✓
Mr. Yu Kin Keung	✓	✓
Independent Non-executive Directors		
Dr. He Tianxiang	✓	✓
Dr. Wong Kwok Yan	✓	✓
Mr. Hung Muk Ming	✓	✓
Mr. Liu Ping	✓	✓

BOARD OF DIRECTORS (Continued)

Board Meetings

Pursuant to the code provisions of the Corporate Governance Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular Board meeting. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

The Board is responsible for the approval and monitoring of the Company's overall strategies and policies, approval of business plans, evaluating the performance of the Group and oversight of the management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

During the Year, the Board held 22 meetings and the principal businesses transacted include:

- Approving the financial results and reports for the year ended 31 March 2021;
- Reviewing the financial control, risk management and internal control policies of the Company;
- Assessing business performance and planning future business directions;
- Approving the interim report for the six months ended 30 September 2021;
- Reviewing and determining the annual remuneration packages for the Directors;
- Approving the provision of guarantees for bank loans to subsidiaries;
- Approving the entering of placing agreement with Guotai Junan Securities (Hong Kong) Limited (as the placing agent) for the placing of new shares under the 2020 General Mandate;
- Discussing the significant supporting documents and information which Deloitte Touche Tohmatsu has not obtained for the audit of the consolidated financial statements of the Group for the year ended 31 March 2021;
- Approving the resignation of Deloitte Touche Tohmatsu as the auditor of the Company and the appointment of Messrs. KTC Partners CPA Limited as the auditor of the Company;
- Approving the appointment of Mr. Liu Ping as an independent non-executive Director and determining his annual remuneration package;
- Approving the grant of share options;
- Approving the early redemption of the bonds by the bondholders of the Company;
- Approving the appointment of Mr. Gao Weilong as the deputy chairman of the Company;

BOARD OF DIRECTORS (Continued)

Board Meetings (Continued)

- Approving the signing of the fourth, fifth, sixth and seventh supplemental of subscription agreements with Shine Well;
- Approving the allotment and issuance of subscription shares to Shine Well;
- Approving the entering of the memorandum of understanding in relation to the possible acquisition;
- Approving the entering of the placing agreement with VC Brokerage Limited (as the placing agent) for the placing of new shares under the 2021 General Mandate; and
- Approving the entering of the termination agreement with VC Brokerage Limited (as the placing agent) in relation to the termination of the placing.

Notice of the Board meeting, agenda and Board papers were sent to the Directors in a timely manner before each Board meeting. All members of the Board were present at the Board meeting.

Appropriate insurance cover has been arranged by the Company in respect of relevant actions against the Directors.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which clearly set out their respective authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this Annual Report.

Audit Committee

The Audit Committee consists of three independent non-executive Directors namely Mr. Hung Muk Ming, Dr. He Tianxiang and Dr. Wong Kwok Yan. The chairman of the Audit Committee, Mr. Hung Muk Ming, possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

The duties of the Audit Committee shall be:

(a) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(b) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and to review the important advice on financial reporting contained therein;

(c) to review the Company's financial controls, risk management and internal control systems;

(d) to discuss the risk management and internal control system with the management to ensure that the management has performed its duty to have effective systems.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

During the Year, four Audit Committee meetings were held and all the members of the Audit Committee were present at the meetings. The Audit Committee also met the external auditors twice during the Year without the presence of the executive Directors. There is no disagreement between the Board and the Audit Committee regarding the appointment of the external auditor.

The major works performed are as follows:

- Reviewing and recommending the Board to approve the financial results and report for the year ended 31 March 2021;
- Reviewing and recommending the Board to approve the interim report for the six months ended 30 September 2021;
- Making recommendations to the Board on the re-appointment of the external auditor for the Year;
- Reviewing certain aspects of the internal control systems of the Group;
- Recommending the Board to approve the adoption of the risk management policy;
- Assisting the Board in meeting its responsibilities for evaluating, establishing and maintaining effective risk management and internal control systems of the Group;
- Reviewing the effectiveness of the internal audit function of the Group;
- Discussing the significant supporting documents and information which Deloitte Touche Tohmatsu has not obtained for the audit of the consolidated financial statements of the Group for the year ended 31 March 2021; and
- Recommending the Board to approve the resignation of Deloitte Touche Tohmatsu as the auditor of the Company and the appointment of Messrs. KTC Partners CPA Limited as the auditor of the Company.

The Group's annual results for the Year have been reviewed by the Audit Committee.

BOARD COMMITTEES (Continued)

Remuneration Committee

The Remuneration Committee consists of one executive Director, being Mr. Gao Weilong, and two independent non-executive Directors, being Dr. Wong Kwok Yan (the chairman) and Dr. He Tianxiang.

The duties of the Remuneration Committee shall be:

(a) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing such policy;

(b) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(c) to assess the performance of the executive Directors;

(d) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and

(e) to make recommendations to the Board on the remuneration of non-executive Directors.

The remuneration packages are determined with reference to the time commitment and responsibilities of each individual, the Company's performance and the prevailing market conditions.

During the Year, five Remuneration Committee meetings were held and all the members of the Remuneration Committee were present at the meetings and the major works performed are as follows:

- Reviewing and making recommendations to the Board on the remuneration of independent non-executive Directors with reference to the time and efforts involved in discharging their duties and the prevailing market conditions;
- Assessing the performance of the executive Directors;
- Reviewing and making recommendations to the Board on the annual remuneration packages for executive Directors;
- Making recommendation to the Board on Mr. Liu Ping's annual remuneration package as an independent non-executive Director; and
- Making recommendation to the Board on approving the grant of share options.

The remuneration of the Directors and the members of senior management for the Year by band is set out below:

	Number of Individuals
Nil–HK$1,000,000	12
HK$1,000,001–HK$1,500,000	2
HK$1,500,001–HK$5,000,000	1
HK$5,000,001–HK$10,000,000	2
HK$10,000,001–HK$15,000,000	–

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 12 and 13 to the consolidated financial statements respectively.

BOARD COMMITTEES (Continued)

Nomination Committee

The Nomination Committee consists of one executive Director, being Mr. Lai Tse Ming (the chairman), and two independent non-executive Directors, being Dr. Wong Kwok Yan and Mr. Hung Muk Ming.

The duties of the Nomination Committee shall be:

(a) to determine and review the policy for the nomination of Directors in compliance with the requirements of the Listing Rules, the nomination procedure, process and criteria to select and recommend candidates of the directorship of the Board;

(b) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis (at least annually) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(c) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) to assess the independence of independent non-executive Directors; and

(e) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives as stated above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the Year, three Nomination Committee meetings were held and all the members of the Nomination Committee were present at the meetings and the major works performed are as follows:

- Reviewing the structure, size and composition of the Board;
- Assessing the independence of the independent non-executive Directors;
- Reviewing and making recommendations to the Board on the re-appointment of Directors who are subject to retirement from office by rotation at the forthcoming annual general meeting of the Company;
- Making recommendation to the Board on the appointment of Mr. Liu Ping as an independent non-executive Director; and
- Making recommendation to the Board on the appointment of Mr. Gao Weilong as the deputy chairman of the Company.

POLICY FOR THE NOMINATION OF DIRECTORS

1. Nomination Criteria

When assessing and selecting a candidate for Director, the Nomination Committee shall consider the following criteria:

- the candidate's character and integrity;
- the candidate's qualifications including professional qualifications, skills, knowledge and experience in relation to the Company's business and strategies;
- whether the candidate is willing to devote sufficient time to fulfill the duties of being a member of the Board and to serve the other roles of directorship and responsibilities of major commitments;
- compliance with the provision of the Listing Rules in respect of the requirement that the Board shall comprise independent non-executive Directors, and whether such candidates are considered independent with reference to the independence guidelines set out in the Listing Rules;
- the policy for diversity of Board members and any measurable objectives adopted by the Board to achieve diversity of Board members; and
- various other factors applicable to the Company's business.

2. Procedure for Nomination

2.1 Appointment of New Directors

2.1.1 Upon receipt of the proposal for new Director's appointment and the candidate's personal information (or related details), the Nomination Committee shall evaluate the candidate according to the selection criteria as set out in the first part when determining if the candidate is qualified for the role of Director.

2.1.2 If the process involves one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and the reference check of each candidate (where applicable).

2.1.3 The Nomination Committee shall then recommend the appointment of an appropriate candidate for directorship.

2.1.4 For any person nominated by a Shareholder for election as a Director at the general meeting of the Company in this section (please refer to the paragraph headed "Procedures for Shareholders to Propose a Person for Election as a Director" below for the relevant procedures), the Nomination Committee shall evaluate the candidate according to the selection criteria set out in the first part in determining if the candidate is qualified for the role of Director. Where appropriate, the Nomination Committee and/or the Board shall make recommendations to the Shareholders in respect of the proposed appointment of Director at the general meeting of the Company.

2.2 Re-election of Directors at General Meetings

2.2.1 The Nomination Committee shall review the overall contribution and service to the Company of a retiring Director, including his/her attendance rate at the Board meetings and general meetings (if applicable), as well as the level of participation and performance on the Board.

2.2.2 The Nomination Committee shall also review and determine whether a retiring Director continues to meet the selection criteria as set out in the first part above.

2.2.3 The Nomination Committee and/or the Board shall make recommendations to the Shareholders in respect of re-election of Directors at the general meetings of the Company.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Pursuant to Article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice (the "**Notice(s)**") signed by a member of the Company (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such Notice is given of his/her intention to propose such person for election and also a Notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the head office or at the registration office of the Company provided that the minimum length of the period, during which such Notice(s) are given, shall be at least 7 days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Accordingly, if a member wishes to propose a person (other than the member himself/herself) for election as a Director at a general meeting, the member should deposit the following documents at the principal place of business in Hong Kong* or at the Registration Office* for the attention of the Company Secretary:

(i) a Notice of his/her intention to propose a resolution at the general meeting, duly signed by the member with his/her name and address stated clearly in an eligible manner, validity of which is subject to verification and confirmation by the Company's branch share registrar in Hong Kong according to its records; and

(ii) a Notice executed by the nominated candidate of the candidate's willingness to be appointed together with (A) such information of that candidate as would be required to be disclosed under Rule 13.51(2) of the Listing Rules, (B) the candidate's written consent to the publication of his/her personal data, and (C) contact address, contact telephone number, etc. of the candidate.

If the Notice is received less than 15 business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the members at least 14 clear days and not less than 10 business days prior to the general meeting.

* Principal place of business in Hong Kong: 23/F, Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong

* Branch share registrar in Hong Kong: Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens Road East, Wan Chai, Hong Kong

BOARD DIVERSITY POLICY

The board diversity policy of the Company aims to set out the approach to achieve diversity on the Board. The Company recognises and seizes the benefits of having a diverse Board to enhance the quality of its performance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee is responsible for monitoring the achievement of the measureable objectives sets out in this policy.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each of the Directors at the Board meetings, meetings of the committees and other meetings during the Year is set out as follows:

	Attended/Eligible to attend				
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**
Number of meetings held	22	4	5	3	1
Executive Directors					
Mr. Lai Tse Ming *(Chairman)*	22/22	–	–	3/3	1/1
Mr. Gao Weilong *(Chief Executive Officer and Deputy Chairman)*	22/22	–	5/5	–	1/1
Mr. Liang Jun *(Deputy Chairman)*	22/22	–	–	–	1/1
Mr. Teng Feng	22/22	–	–	–	1/1
Mr. Yu Kin Keung	22/22	–	–	–	1/1
Independent Non-executive Directors					
Dr. He Tianxiang	22/22	4/4	5/5	–	1/1
Dr. Wong Kwok Yan	22/22	4/4	5/5	3/3	1/1
Mr. Hung Muk Ming	22/22	4/4	–	3/3	1/1
Mr. Liu Ping *(Note 1)*	14/14	–	–	–	1/1

Note:

1. Mr. Liu was appointed as an independent non-executive Director on 14 July 2021

RISK MANAGEMENT AND INTERNAL CONTROLS

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee, the senior management, functional departments and business units management, as well as risk management personnel. The Board is responsible for evaluating and determining the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board also has the overall responsibility for monitoring the senior management towards the design, implementation and monitoring of the risk management and internal control systems.

The Group has also formulated and adopted risk management policy in providing effective policies and procedures on identifying, evaluating and managing significant risks. At least on an annual basis, the senior management identifies risks that would affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Response plans and risk owners are then established and designated for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to provide internal audit services to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remedial actions are taken and responsible personnel is identified. The independent professional advisor will follow up in due course to ensure the situation can be improved.

Risk management report and internal audit report are submitted to the Audit Committee for review and ultimately to the Board for approval at least once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems for the Year, including the changes in the nature and extent of significant risk after the review of previous year, the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's ongoing monitoring on risk and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications for the period; and the effectiveness of the Group's procedures for financial reporting and compliance with the Listing Rules. The Board confirms the existing risk management and internal control systems and the internal audit function performed by independent professional advisor are effective and adequate.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with the requirements of SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. The Group will ensure such information to be kept confidential before it is announced to the public. If the Group considers that such information can no longer be kept confidential or may have leaked already, the Group will disclose such information to the public immediately. The Group is also committed to ensuring that the information contained in any announcement shall not be deceptive or misleading in certain material aspects, or there are no material matters the omission of which would make the information contained therein to be deceptive or misleading, such that the inside information disclosed can be made available to the public in an equal, timely and effective manner.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management provides such explanation and information to the Board and reports regularly to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Board is responsible for preparing the consolidated financial statements. In preparation for the consolidated financial statements, the Board adopted the Hong Kong Financial Reporting Standards, applied appropriate accounting policies, and made reasonable and prudent judgements and estimates.

The Board is committed to presenting a clear, balanced and understandable assessment of the Group's performance and financial positions in all its financial reporting and ensuring relevant publications in a timely manner.

The responsibility of an external auditor to report on the consolidated financial statements of the Company is set out under the section headed "INDEPENDENT AUDITOR'S REPORT" of this Annual Report.

AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company, KTC Partners CPA Limited, in respect of the audit and non-audit services provided to the Company during the Year was analysed below:

Services Category	**Fees paid/payable** RMB
Audit services	
— audit services on financial statements and preliminary review of annual results announcement for the Year	1,622,000
Non-audit services	
— risk management consulting and internal control review services for the Year	97,320
	1,719,320

COMPANY SECRETARY

Mr. Pang Chun Yip has been acting as the Company Secretary since May 2017. He is also the finance manager of the Company. Mr. Pang is a member of the Hong Kong Institute of Certified Public Accountants. He fulfills the requirements under Rules 3.28 and 3.29 of the Listing Rules.

The Company Secretary is responsible for providing secretarial services to the Board and ensuring the operation of the Company complies with the Hong Kong listed companies' regulatory requirements as well as enhancing its corporate governance standards.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed. The Company Secretary is also the secretary of each of the Board committees. Minutes of Board meetings and meetings of all Board committees are kept by the Company Secretary and are available for inspection by the Directors at all times.

During the Year, Mr. Pang has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Annual General Meeting, Extraordinary General Meeting and Putting Forward Proposals at General Meetings

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Extraordinary general meetings may be convened by Directors on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the Company Secretary by mail to 23/F, Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requestor(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requestor(s) as a result of the failure of the Board shall be reimbursed to the requestor(s) by the Company.

Shareholders who propose new resolutions at the general meetings can also follow the above procedures.

To safeguard Shareholders' interests and rights, separate resolutions should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules, and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Dividend Policy

The Company's dividend policy is intended to set out the guidelines announced/proposed by the Board to declare and pay dividends to the Shareholders. The Company understands and believes that the disclosure of this policy will enhance the transparency of the Company so that the Shareholders and the investors can make informed investment decisions.

The Company can declare and pay dividends to the Shareholders, provided that the Group records a profit after tax and the declaration of dividends will not affect the normal operation of the Group. In deciding whether to propose dividends and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(i) the Group's financial performance;

(ii) the Group's financial position;

(iii) future cash requirements and availability for business operations, business strategies and future development needs;

(iv) the availability of funds to meet the financial covenants of the Group's bank loans; and

(v) any other factors that the Board may consider appropriate.

SHAREHOLDERS' RIGHTS (Continued)

Dividend Policy (Continued)

The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands and the Articles of Association. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group. Any declaration and/or payment of future dividends under the policy are/is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board endeavors to strike a balance between the Shareholders' interests and prudent capital management, and the Board will review the policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONSTITUTIONAL DOCUMENTS

During the Year, the Company has not made any changes to its constitutional documents. An up-to-date version of the memorandum of the Company and Articles of Association is available on the websites of the Stock Exchange (**www.hkexnews.hk**) and of the Company (**www.ibotech.hk**).

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with the Shareholders. Information in relation to the Company is disseminated to the Shareholders in a timely manner through a number of formal channels, which include the interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information are also made available on the website of the Company (**www.ibotech.hk**).

The annual general meeting provides a useful platform for the Shareholders to exchange views with the Board. The chairman of the Company and the chairman of each committee of the Board are available at the annual general meeting to answer questions from the Shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also available at the annual general meeting to assist the Directors in addressing any relevant queries from the Shareholders. To ensure the Board is maintaining an ongoing dialogue with the Shareholders, the Shareholders are encouraged to attend the annual general meeting or other general meetings of the Company. The annual general meeting notice is sent to the Shareholders at least 21 days before the annual general meeting. The notice is also published on the websites of the Stock Exchange (**www.hkexnews.hk**) and of the Company (**www.ibotech.hk**).

To ensure effective communication with the Shareholders, the Company highly values any opinion from the Shareholders. Comments and suggestions are welcome and can be addressed to the Company by mail to the Company's Hong Kong office at 23/F, Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong (marked for the attention of the Company Secretary), or by email at **dennis.pang@ibotech.com.cn**. For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
和信會計師事務所有限公司

TO THE SHAREHOLDERS OF IBO TECHNOLOGY COMPANY LIMITED
艾伯科技股份有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of IBO Technology Company Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 134 to 231, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of goodwill and intangible assets with indefinite useful life	
We identified the impairment assessments of goodwill and intangible assets with indefinite useful life as a key audit matter due to significant judgements and estimates involved in the assessment process by the management of the Group. As disclosed in notes 19 and 20 to the consolidated financial statements, the Group had a goodwill and intangible assets with indefinite useful life of approximately RMB23,632,000 (net of accumulated impairment loss of approximately RMB20,525,000) and RMB21,300,000 respectively as at 31 March 2022 relating to the acquisition of system integration business and software development business in 2019. For the purpose of assessing impairment of goodwill and intangible assets with indefinite useful life at 31 March 2022, recoverable amounts of cash-generating units to which the goodwill and intangible assets have been allocated have been determined by the management of the Group based on calculation of value in use, using financial budgets with reference to the management's expectations for the market development, where the key assumptions and estimates included the growth rates and discount rate used in the value in use calculation, as detailed in note 21 to the consolidated financial statements. The Group engages an independent qualified valuer ("**the Valuer**") to assist the estimation. The financial team of the Group works closely with the Valuer to establish the appropriate estimation model and inputs to the model. Based on the management's assessment, no impairment loss in relation to goodwill and intangible assets have been recognised for the year ended 31 March 2022.	Our procedures in relation to the impairment assessments of goodwill and intangible assets with indefinite useful life included: • Discussing with the Group's management to understand the key estimations made by the Group's management in the impairment assessment of goodwill and indefinite intangible assets; • Evaluating the competency, capabilities and objectivity of the Valuer; • Involving our engaged independent external valuation expert to review the valuation report provided by the Valuer on the discount rate and the other market data adopted and evaluating its reasonableness; • Assessing the appropriateness of the key assumptions adopted in the discounted cash flows for impairment assessments, by challenging management's expectation for the market development; • Testing source data on a sample basis to supporting evidence, such as approved budgets and available market data; and • Reviewing the sensitivity analyses performed by the management to evaluate the potential impacts on the recoverable amount and impairment.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables at the end of the reporting period. As at 31 March 2022, the Group's net trade receivables amounting to, approximately RMB868,201,000, which represented approximately 56% of the total assets of the Group. As disclosed in notes 4 and 39(b) to the consolidated financial statements, trade receivables are assessed individually for impairment allowance based on the historical observed default rates of the debtors taking into consideration of current and forward-looking information that is reasonable, supportable and available without undue costs or effort. Credit loss allowance amounting to approximately RMB12,871,000 was recognised at 31 March 2022. Details of the ECL are set out in note 39(b) to the consolidated financial statements.	Our procedures in relation to impairment assessment of trade receivables included: • Understanding how the management estimates the ECL allowance for trade receivables by applying the ECL model; • Testing the integrity of information used by management to develop the individual assessment, including trade receivables aging analysis as at 31 March 2022, on a sample basis, by comparing individual items in the analysis with the relevant sales contracts, sales invoices and other supporting documents; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 March 2022, including the reasonableness of management's assessment on the internal credit rating of the trade debtors and the basis of estimated loss rate applied to each debtor; and • Engaging an independent external expert to assist us in assessing the ECL model and evaluating the reasonableness of the credit loss allowance for trade receivables.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of derivative component of convertible bonds	
We identified valuation of derivative component of convertible bonds as a key audit matter due to significant judgements and estimates involved in the assessment process by the management of the Group. As at 31 March 2022, the fair value of the derivative component of the convertible bonds amounted to approximately RMB9,824,000. As disclosed in notes 4 and 34 to the consolidated financial statements, the derivative component of the convertible bonds was initially and subsequently measured at fair values. The fair values were determined based on unobservable inputs using valuation technique. The Group engaged the Valuer to assist with the estimation using the Binomial Option Pricing model. The key inputs used in the Binomial Option Pricing model include underlying share price, conversion price, coupon rate, expected volatility, expected dividend yield, time to maturity, discount rate and risk-free rate and the valuation is sensitive to the expected volatility of share price. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs. Based on management's assessment, a fair value gain on the derivative component of the convertible bonds of approximately RMB13,831,000 has been recognised in profit or loss for the year ended 31 March 2022.	Our procedures in relation to valuation of convertible bonds included: • Assessing the competency, capabilities and objectivity of the Valuer; • Obtaining an understanding from the management and the Valuer about the valuation methodology and key inputs adopted in the valuations of the derivative component of these convertible bonds; • Involving our engaged independent external valuation expert to assess the appropriateness and reasonableness of the valuation methodology and key inputs used in the fair value measurement of the derivative component of these convertible bonds; and • Assessing the adequacy of the disclosures in the consolidated financial statements in relation to the fair value measurement of the derivative component of convertible bonds.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Chow Yiu Wah, Joseph
Audit Engagement Director
Practising Certificate Number P04686
Hong Kong, 30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	**1,046,296**	560,325
Cost of sales and services rendered		**(867,695)**	(444,308)
Gross profit		**178,601**	116,017
Other income	6	**6,317**	4,832
Other gains (losses), net	7	**3,664**	(33,987)
Share of results of an associate		**727**	120
Impairment losses under expected credit loss model, net of reversal	8	**(15,423)**	(13,174)
Distribution and selling expenses		**(8,048)**	(7,295)
Administrative expenses		**(91,112)**	(50,956)
Finance costs	9	**(18,290)**	(16,189)
Research and development expenses		**(12,531)**	(13,935)
Profit (loss) before taxation		**43,905**	(14,567)
Income tax expense	10	**(19,889)**	(12,955)
Profit (loss) and total comprehensive income (expense) for the year	11	**24,016**	(27,522)
Profit (loss) and total comprehensive income (expense) for the year attributable to			
— Owners of the Company		**14,663**	(42,097)
— Non-controlling interests		**9,353**	14,575
		24,016	(27,522)
Earnings (loss) per share			
— Basic (RMB cents)	15	**2.67**	(9.81)
— Diluted (RMB cents)		**0.11**	(9.81)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	16	8,821	5,405
Right-of-use assets	17	9,427	1,337
Investment properties	18	21,000	20,200
Goodwill	19	23,632	23,632
Intangible assets	20	71,474	45,077
Interests in associates	22	213,032	5,507
Rental deposits		891	722
Deferred tax assets	36	9,111	4,571
		357,388	106,451
Current assets			
Inventories	23	2,210	1,779
Trade and other receivables	24	939,539	573,390
Contract assets	25	1,947	17,666
Amount due from a related company	26	67	248
Amounts due from non-controlling interests	26	515	814
Financial assets at fair value through profit or loss	27	16,415	8,252
Pledged bank deposits	28	–	6,000
Bank balances and cash	28	243,611	232,158
		1,204,304	840,307
Current liabilities			
Trade and other payables	29	657,854	317,725
Lease liabilities	30	5,475	1,248
Amounts due to non-controlling interests	26	8,977	10,299
Tax payables		51,903	33,491
Bank and other borrowings	31	31,013	32,707
Consideration payable	32	33,456	33,456
Bonds payables	33	63,177	39,586
Convertible bonds	34	28,198	–
		880,053	468,512
Net current assets		324,251	371,795
Total assets less current liabilities		681,639	478,246

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Bank and other borrowings	31	2,430	2,430
Bonds payables	33	26,562	29,727
Convertible bonds	34	–	44,787
Lease liabilities	30	4,197	176
Deferred tax liabilities	36	27,236	23,104
		60,425	100,224
		621,214	378,022
Capital and reserves			
Share capital	35	4,865	4,103
Reserves		529,754	326,327
Equity attributable to owners of the Company		534,619	330,430
Non-controlling interests		86,595	47,592
Total Equity		621,214	378,022

The consolidated financial statements on pages 134 to 231 were approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

Mr. Lai Tse Ming
DIRECTOR

Mr. Yu Kin Keung
DIRECTOR

For the year ended 31 March 2022

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 *(Note a)*	Share options reserve RMB'000	Statutory surplus reserve RMB'000 *(Note b)*	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2020	3,467	178,324	(43,325)	35,550	28,212	47,475	249,703	33,017	282,720
(Loss) profit and total comprehensive (expense) income for the year	–	–	–	–	–	(42,097)	(42,097)	14,575	(27,522)
Issuance of shares under Specific Mandate *(note 35)*	417	62,171	–	–	–	–	62,588	–	62,588
Issuance of shares related to acquisition in previous year *(note 32)*	69	15,906	–	–	–	–	15,975	–	15,975
Issuance of shares upon conversion of convertible bonds *(note 34)*	150	39,618	–	–	–	–	39,768	–	39,768
Recognition of equity-settled share based payments	–	–	–	4,493	–	–	4,493	–	4,493
Cancellation of share options	–	–	–	(6,434)	–	6,434	–	–	–
Transfer	–	–	–	–	7,684	(7,684)	–	–	–
At 31 March 2021	4,103	296,019	(43,325)	33,609	35,896	4,128	330,430	47,592	378,022
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	–	14,663	14,663	9,353	24,016
Issuance of shares under Specific Mandate *(note 35)*	81	12,160	–	–	–	–	12,241	–	12,241
Issuance of shares under General Mandate *(note 35)*	175	63,934	–	–	–	–	64,109	–	64,109
Issuance of shares upon conversion of convertible bonds *(note 34)*	10	5,150	–	–	–	–	5,160	–	5,160
Issuance of shares upon exercise of share options	496	112,641	–	(33,609)	–	–	79,528	–	79,528
Recognition of equity-settled share based payments	–	–	–	28,488	–	–	28,488	–	28,488
Capital contribution from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	29,650	29,650
Transfer	–	–	–	–	10,706	(10,706)	–	–	–
At 31 March 2022	4,865	489,904	(43,325)	28,488	46,602	8,085	534,619	86,595	621,214

Notes:

a. Merger reserve represents the difference between the share capital of Abacus International Group Company Limited ("**Abacus**"), which was transferred from Shine Well Holdings Limited ("**Shine Well**"), an immediate and ultimate holding company of IBO Technology Company Limited (the "**Company**") to IBO Holdings Limited ("**IBO Holdings**") pursuant to the reorganisation as set out on the prospectus dated 14 December 2017 and share capital and share premium of IBO Holdings.

b. As stipulated by the relevant laws and regulations for enterprises in the People's Republic of China ("**PRC**"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of at least 10% of profit after taxation as reflected in the statutory financial statements of the relevant PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital. The statutory surplus reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**43,905**	(14,567)
Adjustments for:		
Share of results of an associate	**(727)**	(120)
Share-based payment expenses	**28,488**	4,493
Finance costs	**18,290**	16,189
Interest income	**(2,367)**	–
Depreciation of property, plant and equipment	**2,936**	2,877
Impairment loss recognised on interest in an associate	**6,202**	2,393
Impairment losses under expected credit loss model, net of reversal	**15,423**	13,174
Amortisation of intangible assets	**8,118**	19,688
Depreciation of right-of-use assets	**6,026**	5,413
Gain on change in fair value of investment properties	**(800)**	(100)
Loss (gain) on change in fair value of financial assets at FVTPL	**6,422**	(1,561)
Loss on change in fair value of consideration payables	**–**	16,633
(Gain) loss on change in fair value of convertible bonds	**(13,831)**	18,757
(Gain) loss on disposal of financial assets at FVTPL	**(9)**	19
Written off of property, plant and equipment	**38**	249
Recognition of deferred loss from initial recognition of convertible bonds	**2,423**	9,381
Written off of intangible assets	**4,465**	–
Written off of other receivables	**200**	–
Unrealised exchange gain	**(3,787)**	(8,493)
Operating cash flows before movements in working capital	**121,415**	84,425
Increase in inventories	**(431)**	(1,104)
Increase in trade and other receivables	**(381,821)**	(175,899)
Decrease (increase) in contract assets	**15,799**	(5,965)
Increase in financial assets at FVTPL	**(14,576)**	(5,318)
Increase in trade and other payables	**339,180**	216,927
Cash generated from operations	**79,566**	113,066
Income tax paid	**(1,885)**	(8,159)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**77,681**	104,907

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 RMB'000	2021 RMB'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,390)	(209)
Additions of intangible assets	(38,980)	(4,687)
Refund (Payments) for rental deposits	–	381
Advances to non-controlling interests	(7,706)	(2,368)
Repayment from non-controlling interest	8,005	3,253
Repayment from a related company	(19)	–
Proceeds from disposal of property, plant and equipment	–	362
Interest received	2,367	–
Investments in associates	(213,000)	–
Placement of pledged bank deposit	–	(3,809)
Withdrawal of pledged bank deposit	6,000	–
NET CASH USED IN INVESTING ACTIVITIES	(249,723)	(7,077)
FINANCING ACTIVITIES		
Repayments of bank borrowings	(44,974)	(19,844)
Repayment of lease liabilities	(6,521)	(5,733)
Interest paid	(9,914)	(7,541)
Repayment of bonds	(46,292)	(37,462)
Payments of commissions for issuance of bonds	(6,398)	(4,086)
Proceeds from bank and other borrowings	43,280	33,927
Capital contribution of non-controlling interests	29,650	–
Advances from non-controlling interests	396	1,070
Repayments to non-controlling interests	(1,718)	(640)
Proceeds from issue of shares	155,878	62,588
Proceeds from issuance of bonds	70,108	42,871
NET CASH FROM FINANCING ACTIVITIES	183,495	65,150
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,453	162,980
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	232,158	69,178
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR represented by bank balances and cash	243,611	232,158

1. GENERAL AND BASIS OF PRESENTATION

The Company (together with its subsidiaries, collectively referred to as the "**Group**") 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. Its immediate and ultimate holding company is Shine Well Holdings Limited ("**Shine Well**"), which was incorporated in British Virgin Islands. The ultimate controlling shareholder of the Group is Mr. Lai Tse Ming ("**Mr. Lai**"), who is also an executive director of the Company. Subsequent to the end of the reporting period, Shine Well and Mr. Lai ceased to be the immediate and ultimate holding company, and ultimate controlling shareholder of the Group respectively.

The Company is an investment holding company. The principal activities of its subsidiaries 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 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 annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

In addition, the Group has early applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, 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.

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

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases ("**HKFRS 16**") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application has had no impact to the opening retained profits at 1 April 2021.

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("**HKFRS 7**").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year.

Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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

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	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

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 3 *Reference to the Conceptual Framework*

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

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

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 2022, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 March 2022.

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

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.

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

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.

As disclosed in note 3 to the consolidated financial statements, 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 annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB9,427,000 and RMB9,672,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

Amendments to HKAS 16 *Property, Plant and Equipment — Proceeds before Intended Use*

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*.

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

Amendments to HKAS 37 *Onerous Contracts — Cost of Fulfilling a Contract*

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the 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 (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

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

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

Amendments to HKFRSs *Annual Improvements to HKFRSs 2018–2020*

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.

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.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units ("**CGUs**") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than operating segment.

A cash-generating unit (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the group of CGUs may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in an associate (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any assets, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)
For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation
Output method
Where the progress towards complete satisfaction of a performance obligation is measured based on output method, revenue is recognised on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (system maintenance service contracts in which the Group bills a fixed amount for each month of service provided), the Group recognises revenue in the amount to which the Group has the right to invoice.

Input method
Where the progress towards complete satisfaction of a performance obligation is measured based on input method, revenue is recognised on the basis of the Group's efforts or 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.

Revenue recognition on performance obligations for contracts with customers
The Group recognises revenue from the following major sources:

Revenue from sales of intelligent terminal products is recognised at a point in time upon delivery of products to the customers.

Revenue from provision of coordination, management and installation services of smart cities is satisfied over time as the Company provides services on customers' sites which creates an asset that the customers control as the Group perform. The directors of the Company currently measure the stage of completion using output method by reference to the completion status certificates issued by customers.

System maintenance service income is recognised using output method on a straight-line basis over the terms of the relevant contract, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs and the performance obligation is satisfied with time elapsed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Revenue recognition on performance obligations for contracts with customers (Continued)

Contracts of software development provide customised software with no alternative use to the Group. Taking into account the contract terms and the legal and regulatory environment in the PRC, all the contracts provide the Group's enforceable right to payment for performance completed to date and hence the revenue is recognised over time. The directors of the Company currently measure the stage of completion in accordance with the cost incurred up to date to the total budgeted cost.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

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

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

The Group as a lessee

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Except for these that are classified as investment properties, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include fixed payments (including in-substance fixed payments).

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

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

Lease modification

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those asset, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments granted at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Share options granted to service providers

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss)/profit before taxation because of income or expense that are taxable or deductible in other years and items are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment, including buildings in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairments loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchase or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the assets is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and contract assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, amounts due from a related company and non-controlling interests, refundable rental deposits, pledged bank deposits and bank balances and cash) and other items (representing contract assets) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities classified as at FVTPL represent the consideration payable and the derivative portion of convertible bonds that may be paid by the Group as part of a business combination to which HKFRS 3 applies.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bonds payables, liability component of convertible bonds, amounts due to non-controlling interests and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible bonds

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

At the date of issue, both the debt component and derivative components are recognised at fair value. When the fair value of the convertible bonds at initial recognition differs from the transaction price, the resulting gain or loss on initial recognition (i.e. Day-1 gain or loss) is recognised immediately in profit or loss if the fair value of the convertible bonds is evidenced by Level 1 inputs or is determined based on a valuation technique that uses only data from observable markets. In all other circumstances, in particular, with regard to the Day-1 loss recognised on the convertible bonds issued by the Group, the Day-1 loss is deferred and the amount is recognised in profit or loss to reflect the reduction in the time value of the conversion option based on how market participants would consider it when pricing the convertible bonds.

The deferred Day-1 gain or loss is recognised as an adjustment to the initial carrying amount of the convertible bonds.

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

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties
For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. As a result, the management of the Group has determined that the presumption that investment properties measured using the fair values model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

Principal versus agent consideration

The Group engages in the sales of intelligent terminal products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods and the Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 March 2022, the Group recognised revenue relating to sales of intelligent terminal products amounted to RMB891,369,000 (2021: RMB402,029,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessments of goodwill and intangible assets with indefinite useful life

Determining whether goodwill and intangible assets with indefinite useful life are impaired requires an estimation of the recoverable amounts of the CGUs to which goodwill and intangible assets have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which results in downward revision of future cash flows, a further impairment loss may arise.

As at 31 March 2022, the carrying amounts of goodwill and intangible assets with indefinite useful life were approximately RMB23,632,000 (2021: RMB23,632,000) and approximately RMB21,300,000 (2021: RMB21,300,000) respectively. During the year ended 31 March 2022, no impairment loss on goodwill was recognised (2021: Nil). Details of the recoverable amount calculation are set out in note 21.

Provision of ECL for trade receivables

The management of the Group calculates ECL on trade receivables individually. The loss rates applied are estimated using the historical observed default rates of the debtors taking into consideration of forward-looking information that is reasonable, supportable and available without undue costs or effort. At the end of the reporting period, these historical loss rates are reassessed and updated after considering current and forward-looking information that is available to the directors of the Company. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 39 and 24. The carrying amount of the Group's trade receivables amounted to approximately RMB868,201,000 (2021: 528,461,000).

Fair value measurement of derivative component of convertible bonds

The convertible bonds issued by the Company are not traded in an active market. The derivative components of the convertible bonds are subsequently measured at fair values. As at 31 March 2022, the derivative component of convertible bonds amounted to approximately RMB9,824,000 (2021: RMB27,446,000). The fair values were determined based on unobservable inputs using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in key inputs could affect the reported values of the derivative component of the convertible bonds. Further disclosures of the convertible bonds are set out in note 34 and the key inputs adopted are set out in note 39.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Types of goods or services

	2022 RMB'000	2021 RMB'000
Intelligent terminal products sales	891,369	402,029
Provision of coordination, management and installation services of smart cities	39,819	100,974
Software development	104,232	45,492
System maintenance services	10,876	11,830
Total revenue from contracts with customers	1,046,296	560,325

Timing of revenue recognition

	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 basis	891,369	–	–	–	891,369
Over time basis	–	39,819	104,232	10,876	154,927
	891,369	39,819	104,232	10,876	1,046,296

	2021				
	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	402,029	–	–	–	402,029
Over time	–	100,974	45,492	11,830	158,296
	402,029	100,974	45,492	11,830	560,325

5. REVENUE AND SEGMENT INFORMATION (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

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 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

For the year ended 31 March 2021

	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	402,004	–	–	–	402,004
System integration	25	100,974	–	–	100,999
Software development	–	–	45,492	–	45,492
System maintenance services	–	–	–	11,830	11,830
	402,029	100,974	45,492	11,830	560,325

5. REVENUE AND SEGMENT INFORMATION (Continued)

(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.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and 2021 and the expected timing of recognising revenue are as follows:

	System maintenance services	
	2022 **RMB'000**	2021 RMB'000
Within one year	–	136
More than one year but not more than two years	–	66
	–	202

All intelligent terminal products sales contracts, provision of coordination, management and installation services of smart cities and software development contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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 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					**(91,112)**
Finance costs					**(18,290)**
Other gains, net					**3,664**
Share of results of an associate					**727**
Profit before taxation					**43,905**

	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 2021					
REVENUE					
External sales	402,004	100,999	45,492	11,830	560,325
SEGMENT PROFIT	38,365	37,518	22,238	4,722	102,843
Other income					4,832
Unallocated expenses					(21,230)
Administrative expenses					(50,956)
Finance costs					(16,189)
Other losses, net					(33,987)
Share of results of an associate					120
Loss before taxation					(14,567)

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
The PRC	**1,016,900**	560,325	**343,743**	101,158
Hong Kong	**29,396**	–	**3,643**	–
	1,046,296	560,325	**347,386**	101,158

Information about major customers

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

	2022 RMB'000	2021 RMB'000
Customer A[1]	**331,002**	117,458
Customer B[1]	**152,914**	N/A*
Customer C[1]	**139,425**	N/A*
Customer D[1]	**127,102**	123,578

1 Revenue from intelligent terminal products sales segment

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2021.

6. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Interest income from bank	**2,367**	41
Rental income from investment properties	**529**	580
Government grants *(note)*	**2,736**	3,125
Others	**685**	1,086
	6,317	4,832

Note: During the year ended 31 March 2022, government grants mainly represented COVID-19-related subsidies amounting to RMB300,000 (2021: 2,381,000) and unconditional grants in relation to sale of qualifying technological products granted by the local government to 艾伯資訊（深圳）有限公司 (IBO Information (Shenzhen) Limited) ("**IBO Information**"), 深圳市偉圖科技開發有限公司 (Shenzhen Weitu Technology Development Company Limited) ("**Weitu Technology**"), 深圳市艾伯信息科技有限公司 and 深圳市艾伯通信有限公司 amounting to RMB2,158,000 (2021: RMB744,000).

7. OTHER GAINS (LOSSES), NET

	2022 RMB'000	2021 RMB'000
Written off of property, plant and equipment	**(38)**	(249)
Gain on change in fair value of investment properties	**800**	100
(Loss) gain on change in fair value of financial assets at FVTPL	**(6,422)**	1,561
Loss on change in fair value of consideration payables	**–**	(16,633)
Net exchange gain	**4,312**	11,620
Recognition of deferred loss from initial recognition of convertible bonds	**(2,423)**	(9,381)
Gain (loss) on change in fair value of derivative component of the convertible bonds	**13,831**	(18,757)
Gain (loss) on disposal of financial assets at FVTPL	**9**	(19)
Impairment loss recognised on interest in an associate	**(6,202)**	(2,393)
Written off of other receivables	**(200)**	–
Others	**(3)**	164
	3,664	(33,987)

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2022 RMB'000	2021 RMB'000
Net impairment losses (recognised) reversed on:		
— Rental deposits	(7)	2
— Trade receivables	(12,871)	(13,145)
— Other receivables	(2,625)	8
— Contract assets	80	(39)
	(15,423)	(13,174)

Details of impairment assessment are set out in note 39(b).

9. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on bank borrowings	2,661	2,464
Interest on other borrowings	96	366
Interest on bonds payables	13,302	10,033
Interest on convertible bonds	1,354	2,701
Interest on lease liabilities	877	284
Other finance costs	–	341
	18,290	16,189

10. INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000
Current tax:		
Hong Kong	–	–
PRC Enterprise Income Tax ("**EIT**")	20,297	15,119
	20,297	15,119
Deferred tax	(408)	(2,164)
	19,889	12,955

10. INCOME TAX EXPENSE (Continued)

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 taxation in Hong Kong has been made as the Group has no assessable profit for the year (2021: 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 2019, IBO Information renewed the qualification of High and New Technology Enterprise ("**HNTE**") granted by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality (the "**Shenzhen Local Taxation Administrator**") and Shenzhen Municipal office of the State Administration of Taxation and therefore is entitled to preferential tax rate of 15% up to December 2022 in accordance with the PRC EIT Law.

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

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

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

	2022 **RMB'000**	2021 RMB'000
Profit (loss) before taxation	**43,905**	(14,567)
Tax at the applicable tax rate of 15%	**6,586**	(2,185)
Tax effect of income not taxable for tax purpose	**(1,007)**	(45)
Tax effect of expenses not deductible for tax purposes	**11,197**	13,197
Tax effect of share of results of an associate	**109**	18
Tax effect of tax loss not recognised	**1,373**	1,082
Additional tax benefit on research and development expenses *(note)*	**(2,217)**	(2,933)
Deferred tax on undistributed earnings of PRC subsidiaries	**5,630**	5,123
Effect of different tax rates of subsidiaries	**(1,782)**	(1,302)
	19,889	12,955

Note: Pursuant to the relevant tax rules and regulations, the Group could obtain additional tax benefit, which is a further 75% of certain qualified research and development expenses incurred endorsed by the Shenzhen Local Taxation Administrator.

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

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

	2022 RMB'000	2021 RMB'000
Directors' remuneration:		
— Fees	3,492	3,315
— Salaries and other allowances	4,163	4,147
— Retirement benefit scheme contributions	87	54
— Equity-settled share-based payments	7,938	3,735
Other staff costs:		
— Salaries and other allowances	41,772	26,165
— Retirement benefit scheme contributions	3,141	2,688
— Equity-settled share-based payments	16,854	652
Total staff costs	77,447	40,756
Auditor's remuneration	1,768	4,738
Depreciation of property, plant and equipment	2,936	2,877
Depreciation of right-of-use assets	6,026	5,413
Amortisation of intangible assets (included in cost of sales and services rendered and administrative expenses)	8,118	19,688
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	861,045	423,612

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company during the year are as follows:

	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Year ended 31 March 2022					
Executive directors:					
Mr. Lai	988	1,681	15	–	2,684
Mr. Gao Weilong ("**Mr. Gao**") *(note)*	477	481	21	–	979
Mr. Liang Jun ("**Mr. Liang**")	477	676	15	3,969	5,137
Mr. Teng Feng ("**Mr. Teng**")	477	385	21	–	883
Mr. Yu Kin Keung ("**Mr. Yu**")	461	940	15	3,969	5,385
Independent non-executive directors:					
Dr. He Tianxiang	165	–	–	–	165
Dr. Wong Kwok Yan	165	–	–	–	165
Mr. Hung Muk Ming	165	–	–	–	165
Mr. Liu Ping (appointed on 14 July 2021)	117	–	–	–	117
Total	3,492	4,163	87	7,938	15,680

	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Year ended 31 March 2021					
Executive directors:					
Mr. Lai	1,048	822	16	2,489	4,375
Mr. Gao Weilong ("**Mr. Gao**") *(note)*	419	518	9	109	1,055
Mr. Teng Feng ("**Mr. Teng**")	419	422	9	109	959
Mr. Yu Kin Keung ("**Mr. Yu**")	315	742	16	109	1,182
Mr. Lyu Huiheng (resigned on 23 March 2021)	307	249	–	–	556
Ms. Cheng Yan (resigned on 25 May 2020)	275	1,379	4	919	2,577
Mr. Liang Jun (appointed on 23 March 2021)	10	15	–	–	25
Non-executive director:					
Ms. Sun Qing (resigned on 10 February 2021)	–	–	–	–	–
Independent non-executive directors:					
Dr. He Tianxiang	174	–	–	–	174
Dr. Wong Kwok Yan	174	–	–	–	174
Mr. Hung Muk Ming	174	–	–	–	174
Total	3,315	4,147	54	3,735	11,251

Note: Mr. Gao is also the Chief executive officer and Deputy chairman of the Company and his emoluments disclosed above included those for services rendered by him as the Chief executive officer.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments and the non-executive director's emoluments shown above were for their services as directors of the Company.

For both years, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 43 to the Group's consolidated financial statements.

No emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2022 and 2021.

None of the directors or the chief executive of the Company waived or agreed to waive any emolument for both years.

13. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group during the year include 4 directors (2021: 5 directors) of the Company, details of whose emoluments are set out in note 12 above.

The emoluments of the remaining 1 (2021: Nil) highest paid employee for the years are as follows:

	2022 RMB'000	2021 RMB'000
Employees		
— basic salaries and allowances	**914**	–
— retirement benefits scheme contributions	**–**	–
	914	–

	2022 RMB'000	2021 RMB'000
Nil to HK$1,000,000 (equivalent to approximately RMB824,000 (2021: RMB873,000))	**–**	–
HK$1,000,001 to HK$1,500,000 (equivalent to approximately RMB824,001 to RMB1,236,000 (2021: RMB873,001 to RMB1,309,000))	**1**	–

During the years ended 31 March 2022 and 2021, no emoluments were paid by the Group to any of the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

15. EARNINGS (LOSS) PER SHARE

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

	2022 RMB'000	2021 RMB'000
Earnings (loss):		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	**14,663**	(42,097)
Effect of dilutive potential ordinary shares:		
Convertible bonds	**(14,057)**	–
Earnings (loss) for the purpose of calculating diluted earnings (loss) per share	**606**	(42,097)

	2022 '000	2021 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**550,156**	429,082
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 earnings (loss) per share	**569,942**	429,082

The computation of diluted loss per share for the year ended 31 March 2021 does not assume the exercise of the Company's share options, the conversion of the outstanding convertible bonds or the issuance of consideration shares for the acquisition of subsidiaries since their assumed exercise, conversion or issuance would result in a decrease in loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Building RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
COST						
At 1 April 2020	4,720	513	659	4,926	10,003	20,821
Additions	–	–	–	–	209	209
Disposals	–	–	–	(712)	–	(712)
At 31 March 2021	4,720	513	659	4,214	10,212	20,318
Additions	1,131	–	264	1,473	3,522	6,390
Written off	–	–	–	(437)	(814)	(1,251)
At 31 March 2022	**5,851**	**513**	**923**	**5,250**	**12,920**	**25,457**
DEPRECIATION						
At 1 April 2020	2,014	57	377	1,912	7,777	12,137
Provided for the year	1,077	49	60	605	1,086	2,877
Elimination on disposals	–	–	–	(101)	–	(101)
At 31 March 2021	3,091	106	437	2,416	8,863	14,913
Provided for the year	1,157	49	90	692	948	2,936
Written off	–	–	–	(423)	(790)	(1,213)
At 31 March 2022	**4,248**	**155**	**527**	**2,685**	**9,021**	**16,636**
CARRYING VALUES						
At 31 March 2022	**1,603**	**358**	**396**	**2,565**	**3,899**	**8,821**
At 31 March 2021	1,629	407	222	1,798	1,349	5,405

The above items of property, plant and equipment are depreciated, taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the term of the relevant lease, or 5 years whichever is shorter
Building (with no land use rights attached)	Over 20 years
Furniture and fixtures	Over 5 years
Motor vehicles	Over 5–10 years
Office equipment	Over 5 years

17. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
At 1 April 2020	8,696
Additions to right-of-use assets	1,061
Depreciation charge	(5,413)
Derecognised upon early termination of lease	(3,007)
At 31 March 2021	1,337
Additions to right-of-use assets	14,116
Depreciation charge	(6,026)
At 31 March 2022	**9,427**

	2022 RMB'000	2021 RMB'000
Expense relating to short-term leases	**795**	557
Total cash outflow for leases	**6,521**	5,733

For both years, the Group leases offices and staff dormitories for its operations. Lease contracts are entered into for fixed term of 2 to 5 years (2021: 2 to 3 years) without extension and termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff dormitories. As at 31 March 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed as above.

Details of the lease maturity analysis of lease liabilities are set out in note 30.

18. INVESTMENT PROPERTIES

The Group leases out commercial property units under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 2 years without extension and termination options.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currency of the relevant group entity.

	RMB'000
FAIR VALUE	
At 1 April 2020	20,100
Gain on fair value change recognised in profit or loss	100
At 31 March 2021	20,200
Gain on fair value change recognised in profit or loss	800
At 31 March 2022	**21,000**

18. INVESTMENT PROPERTIES (Continued)

The fair values of the Group's investment properties are property units situated in the PRC as at 31 March 2022 and 2021 have been arrived at on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), independent qualified professional valuers not connected to the Group who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value was determined based on direct comparison approach for the property units. The approach uses prices generated by market transactions involving comparable properties.

One of the key inputs used in valuing the property units was the price per square meter, which ranged from approximately RMB23,000 to RMB35,000 (2021: RMB24,000 to RMB30,000) as at 31 March 2022. Higher price per square meter used would result in a higher fair value of the respective buildings and vice versa. The unit rates assumed by JLL are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect differences in location, size and condition and other characteristics of the properties.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Fair value hierarchy	2022 RMB'000	2021 RMB'000
Commercial property units located in Shenzhen, the PRC	Level 3	**21,000**	20,200

There were no transfers into or out of Level 3 during the year.

All of the Group's investment properties have been pledged to secure banking facilities granted to the Group for both years and the remaining land use right of the properties are 20 years.

19. GOODWILL

	RMB'000
COST	
At 1 April 2020, 31 March 2021 and 2022	44,157
IMPAIRMENT	
At 1 April 2020, 31 March 2021 and 2022	20,525
CARRYING VALUES	
At 31 March 2021 and 2022	**23,632**

Particulars regarding impairment testing on goodwill are disclosed in note 21.

20. INTANGIBLE ASSETS

	Development costs RMB'000	Brand name RMB'000	Club membership RMB'000	Customer relationship RMB'000	Softwares RMB'000	Total RMB'000
COST						
At 1 April 2020	34,496	21,300	818	23,867	–	80,481
Additions	4,687	–	–	–	–	4,687
At 31 March 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**
AMORTISATION						
At 1 April 2020	6,830	–	79	13,494	–	20,403
Charge for the year	9,274	–	41	10,373	–	19,688
At 31 March 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**
CARRYING VALUES						
At 31 March 2022	**18,157**	**21,300**	**657**	**–**	**31,360**	**71,474**
At 31 March 2021	23,079	21,300	698	–	–	45,077

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.

The management of the Group considers development costs, club membership, customer relationship and softwares have finite useful lives and are amortised on a straight-line basis over the following periods:

Development costs	6.2 years
Club membership	20 years
Customer relationship	2.2 years
Softwares	10 years

The estimated useful life of the customer relationship is determined based on expected economic benefit generated from the customer relationship.

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 21.

21. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and brand name with indefinite useful lives set out in notes 19 and 20 respectively have been allocated to two individual 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	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
System integration business (Unit A)	**17,652**	17,652	**18,614**	18,614
Software development business (Unit B)	**5,980**	5,980	**2,686**	2,686
	23,632	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 30.13% (2021: 31.23%). The CGU's cash flows beyond the five-year period are extrapolated using a steady 2% (2021: 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.

Based on the results of the impairment assessment, no impairment loss on goodwill and brand name was recognised for the years ended 31 March 2022 (2021: Nil). The recoverable amount of Unit A is RMB65,780,000 as at 31 March 2022 (2021: RMB148,164,000) which exceeded its carrying amount by approximately RMB5,132,000 (2021: RMB81,512,000).

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.

During the year ended 31 March 2021, the recoverable amount is significantly above the carrying amount of Unit A. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

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 28.08% (2021: 28.99%). The CGU's cash flows beyond the five-year period are extrapolated using a steady 2% (2021: 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 2022 (2021: Nil).

As at 31 March 2022 and 2021, 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.

22. INTERESTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Cost of investment, unlisted	**235,470**	22,470
Share of post-acquisition loss and other comprehensive expense, net of dividends received	**621**	(106)
Impairment loss recognised	**(23,059)**	(16,857)
	213,032	5,507

As at 31 March 2022 and 2021, the Group has interests in the following associates:

Name of entity	Proportion of ownership interest directly held by the Group	Place and country of establishment/ business	Registered capital	Principal activity
Good Cheer Ventures Limited ("**Good Cheer**") 美樂創投有限公司 *(note a)*	15% *(note)*	BVI	USD50,000	Investment holding company
Guangzhou Andi Technology Investment Company Ltd. ("**Guangzhou Andi**") 廣州安迪科技投資有限公司 *(note b)*	40%	The PRC	RMB200,000,000	Investment holding company
Dongguan Juxin Technology Company Ltd. ("**Dongguan Juxin**") 東莞市聚昕科技有限公司 *(note c)*	35%	The PRC	RMB200,000,000	Investment holding company
Foshan Xindian Electronic Software Technology Company Limited ("**Foshan Xindian**") 佛山芯點電子軟件技術有限公司 *(note d)*	35%	The PRC	RMB180,000,000	Investment holding company

Note: The Group is able to exercise significant influence over Good Cheer because it has the power to appoint one out of two directors of that company under the Articles of Association of that company and participate in the financial and operating policy decision.

(a) During the year ended 31 March 2020, the Group entered into sale and purchase agreements, a first supplemental agreement and a second supplemental agreement (collectively the "**S&P agreement**") with Assemble Bliss Limited, an independent third party, for the acquisition of 15% of the issued share capital of Good Cheer at a consideration of RMB22,470,000 in cash, which was mainly based on the preliminary valuation of Good Cheer conducted by an independent valuer. Good Cheer is an investment holding company which owns 96.7742% equity interest in its operating subsidiary, Shenzhen Tongtianhui Technology Company Limited ("**Tongtianhui**"), in the PRC. Tongtianhui operates a one-stop education technology service platform in the PRC to provide comprehensive solutions for its customers such as education institutions and/or individual education service providers to achieve precise matching between its customers and its online platform user. The directors of the Company considered the acquisition of Good Cheer and its subsidiaries ("**Good Cheer Group**") enabled the Group to leverage on its advantages in the technology development arena and to enter into the education industry in a more efficient way, and the anticipated future operating synergies from the acquisition would help achieve expansion of the Group's current business.

22. INTERESTS IN ASSOCIATES (Continued)

Note: (Continued)

(a) (Continued)

At the time of the acquisition, Tongtianhui planned to expand to major cities across the PRC. Due to the outbreak of COVID-19, the expansion plan was suspended resulting in a significant drop in the budgeted revenue. As at 31 March 2021, the directors of the Company assessed the recoverable amount of the associate, being its value in use. The value in use was determined by estimating the present value of the estimated cash flows expected to arise from dividends to be received from the associate and the proceeds from the ultimate disposal of the associate, which were in turn derived from the estimated cash flows of the underlying education business of the associate, discounted at a pre-tax rate of 27.48%. As a result of the assessment, an impairment loss of approximately RMB2,393,000 was recognised for the year ended 31 March 2021 to reduce the carrying amount of the interest in an associate to its recoverable amount as at 31 March 2021.

During the year ended 31 March 2022, in order to regulate out-of-school training and effectively reduce the excessive burden of homework and out-of-school training on students at the compulsory education stage, the central government of the PRC has issued government policy to tighten the regulations of educational institutions. Small educational institutions are facing tough challenges. After careful consideration, the Group and the management of Tongtianhui considered that the business of Tongtianhui, which was mainly engaged in serving small educational institutions, involved certain risks and uncertainties and had poor development potential, and therefore decided to discontinue its business operations and to de-register the company. On 21 October 2021, Tongtianhui was deregistered. Since Good Cheer Group did not generate any income anymore upon deregistration of Tongtianhui, the impairment loss of approximately RMB6,202,000 was recognised for the year ended 31 March 2022.

(b) The Company was incorporated on 2 March 2022 and holds a 30% equity interest in Qilian (Guangzhou) Network Technology Company Ltd.* (奇鏈(廣州)網絡科技有限公司) ("**Qilian (Guangzhou)**"). Qilian (Guangzhou) is a high-tech company specialising in the design, development, manufacturing and sales of RF microwave IC chips, components and system solutions. Its main products include RF microwave IC chips, RF microwave components and systems, which are widely applied in various fields such as 5G communication base station equipment, military and civil radar, satellite, aircraft and vehicle communication. Qilian (Guangzhou)'s RF microwave chips are widely used in 5G communication base stations and the IoT, which are highly compatible with the Group's business.

(c) The Company was incorporated on 25 February 2022 and holds a 30% equity interest in Dongguan Longtu Software Integration Development Co. Ltd.* (東莞市隆圖軟件集成開發有限公司) ("**Dongguan Longtu**"), which engages in the research and development, manufacturing and sales of intelligent hardware — face recognition all-in-one machines and network cameras, and independently realises the complete closed-loop system of "AI algorithm + embedded software + optoelectronic hardware manufacturing". The core product lines are: face recognition all-in-one machine, face access attendance machine, AI camera and thermal imaging equipment, which are widely used in smart sites, smart parks, smart communities, smart campuses, etc. Dongguan Longtu mainly applies the technology of "AI algorithm + embedded software + optoelectronic hardware manufacturing" to provide customers with intelligent IoT products and solutions, which is highly compatible with the Group's business.

(d) The Company was incorporated on 16 March 2022 and holds a 30% equity interest in Foshan Shishuo Electronics Co., Ltd. (佛山世碩電子有限公司) ("**Foshan Shishuo**"). Foshan Shishuo focuses on the research and development and application of high-precision integrated navigation technology, and is a technology-based enterprise providing aerial attitude, integrated navigation and control solutions. Foshan Shishuo is positioned as a "leading high-tech company for overall solutions of automatic navigation system". Foshan Shishuo's key products include inertial measurement unit (IMU) and inertial navigation system, which are mainly used in the field of automatic vehicle, military and intelligent robots. Foshan Shishuo's main product is high-precision navigation sensors, which are highly relevant to the Group's IoT business.

For the purpose of applying the equity method of accounting, the consolidated financial information of the Group's associates are prepared using uniform accounting policies in conformity with the accounting policies adopted by the Group. The associates are accounted for using the equity method in these consolidated financial statements. The summarised consolidated financial information in respect of the Group's associates are set out below. The summarised consolidated financial information below represents amounts shown in the associates' consolidated financial statements for the year ended 31 March 2022 and 2021 prepared in accordance with HKFRSs.

22. INTERESTS IN ASSOCIATES (Continued)

(i) Good Cheer Group

	2022 RMB'000	2021 RMB'000
Current assets	**316**	1,201
Non-current assets	**–**	284
Current liabilities	**(103)**	(6,275)
Non-current liabilities	**–**	–
Revenue	**–**	4,012
Profit for the year	**5,432**	821
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets (deficit) of the associate	**213**	(4,790)
Non-controlling interests of Good Cheer's subsidiary	**–**	155
Net assets (deficit) attributable to owners of the associate	**213**	(4,635)
Proportion of the Group's ownership interest in the associate	**15%**	15%
The Group's share of net assets (deficit) of the associate	**32**	(695)
Goodwill	**23,059**	23,059
Accumulated impairment loss recognised	**(23,059)**	(16,857)
Carrying amount of the Group's interest in the associate	**32**	5,507

22. INTERESTS IN ASSOCIATES (Continued)

(ii) Guangzhou Andi

	2022 RMB'000
Current assets	80,005
Non-current assets	120,000
Current liabilities	(5)
Revenue	–
Profit for the year	–
Dividends received from the associate during the year	–

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 RMB'000
Net assets of the associate attributable to its owners	200,000
Proportion of the Group's ownership interest in the associate	40%
Carrying amount of the Group's interest in the associate	80,000

(iii) Dongguan Juxin

	2022 RMB'000
Current assets	10,000
Non-current assets	190,000
Revenue	–
Profit for the year	–
Dividends received from the associate during the year	–

22. INTERESTS IN ASSOCIATES (Continued)

(iii) Dongguan Juxin (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 RMB'000
Net assets of the associate attributable to its owners	200,000
Proportion of the Group's ownership interest in the associate	35%
Carrying amount of the Group's interest in the associate	70,000

(iv) Foshan Xindian

	2022 RMB'000
Current assets	117,002
Non-current assets	63,000
Current liabilities	(2)
Revenue	–
Profit for the year	–
Dividends received from the associate during the year	–

22. INTERESTS IN ASSOCIATES (Continued)

(iv) Foshan Xindian (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 RMB'000
Net assets of the associate attributable to its owners	180,000
Proportion of the Group's ownership interest in the associate	35%
Carrying amount of the Group's interest in the associate	63,000

23. INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials	470	103
Finished goods	1,740	1,676
	2,210	1,779

24. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**903,364**	550,753
Less: allowance for ECL	**(35,163)**	(22,292)
	868,201	528,461
Other receivables, net of ECL	**14,086**	2,711
Value-added tax recoverable	**8**	–
Prepayments for purchase of inventories	**56,234**	41,640
Rental deposit, net of ECL	**796**	578
Total trade and other receivables	**939,539**	573,390

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:

	2022 RMB'000	2021 RMB'000
0–30 days	**377,097**	233,849
31–90 days	**226,891**	51,767
91–180 days	**743**	32,519
181–365 days	**97,648**	156,378
Over 365 days	**165,822**	53,948
	868,201	528,461

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB27,967,000 (2021: RMB259,554,000) which are past due as at the reporting date. Out of the past due balances, RMB238,335,000 (2021: RMB90,061,000) has been past due 90 days or more and is not considered as in default, because the management expects that the debtor is able and likely to pay for the debts based on the debtors' repayment history and subsequent settlements. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 39(b).

Certain trade receivables with carrying amount of approximately RMB9,000,000 (2021: RMB9,800,000) as at 31 March 2022 are pledged against bank borrowings granted to the Group.

25. CONTRACT ASSETS

	2022 RMB'000	2021 RMB'000
Contract assets:		
Provision of coordination, management and installation services of smart cities	–	1,663
Software development	1,955	16,091
Intelligent terminal products sales	–	–
Less: allowance for credit losses	(8)	(88)
	1,947	17,666

As at 1 April 2020, contract assets amounted to RMB11,740,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional upon the Group's future performance in achieving specified milestone at the end of the reporting period and retention receivables which are to be settled upon the expiring of the defects liability period, which is generally within one year. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the specified milestones are achieved and acknowledged by the customers or upon expiring of defects liability period. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of the impairment assessment are set out in note 39.

26. AMOUNTS DUE FROM A RELATED COMPANY/FROM (TO) NON-CONTROLLING INTERESTS

Amount due from a related company

	2022 RMB'000	2021 RMB'000
Name of a related company		
Good Cheer *(note a)*	67	248

Note:

(a) The amount due from an associate, which is unsecured, non-trade nature, non-interest bearing and repayable on demand.

26. AMOUNTS DUE FROM A RELATED COMPANY/FROM (TO) NON-CONTROLLING INTERESTS (Continued)

Amounts due from non-controlling interests

	2022 RMB'000	2021 RMB'000
Name of non-controlling interests		
Big Victory Global Limited	19	20
Yi Family Holding Limited Company	14	15
Wisdom Galore Limited ("**Wisdom Galore**")	156	162
Mr. Ke Chengwei ("**Mr. Ke**")	326	617
	515	814

The amounts due from non-controlling interests of subsidiaries are non-trade nature, unsecured, non-interest bearing and repayable on demand.

Amounts due to non-controlling interests

	2022 RMB'000	2021 RMB'000
Name of non-controlling interests		
Wisdom Galore *(note 32)*	7,360	7,360
Mr. Ke	1,617	2,939
	8,977	10,299

The amounts due to non-controlling interests of subsidiaries are non-trade nature, unsecured, non-interest bearing and repayable on demand.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Financial assets mandatorily measured at FVTPL:		
Current:		
Listed securities held for trading *(note)*	16,415	8,252

Note: The listed securities mainly represent the Group's equity interests in several companies which are listed on the Main Board of the Stock Exchange.

As at 31 March 2022, the Group's listed securities of aggregate carrying amount of RMB2,200,000 (2021: RMB238,000) were pledged by the Group to secure margin account payables (note 31).

28. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash comprise cash on hand and bank balances. Bank balances carried interest at prevailing market interest rates which were ranging from 0.00% to 0.35% per annum (2021: 0.01% to 0.35% per annum) as at 31 March 2022. Pledged bank deposits represents deposits pledged to banks to secure banking facilities of bills payables granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bills payables.

The Group's bank balances and cash and pledged bank deposits that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2022 **RMB'000**	2021 RMB'000
HK$	**771**	2,034
United State Dollar ("**USD**")	**9**	1,543
	780	3,577

29. TRADE AND OTHER PAYABLES

	2022 **RMB'000**	2021 RMB'000
Trade payables *(note a)*	**506,710**	190,960
Bills payables	**4,000**	8,000
Contract liabilities *(note b)*	**663**	2,559
Other payables	**10,643**	3,456
Other tax payables	**118,239**	96,151
Accrued expenses	**3,858**	5,927
Accrued payroll expenses	**10,994**	8,641
Interest payables	**2,747**	2,031
Total trade and other payables	**657,854**	317,725

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:

	2022 **RMB'000**	2021 RMB'000
0–30 days	**252,317**	150,656
31–90 days	**186,715**	–
Over 90 days	**67,678**	40,304
	506,710	190,960

29. TRADE AND OTHER PAYABLES (Continued)

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

Movements in contract liabilities

	2022 RMB'000	2021 RMB'000
At 1 April	**2,559**	161
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(2,559)**	(161)
Increase in contract liabilities as a result of advances received from customers of sales of intelligent terminal products	**663**	2,559
At 31 March	**663**	2,559

30. LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	5,475	1,248
Within a period of more than one year but not more than two years	1,747	161
Within a period of more than two years but not more than three years	2,450	15
	9,672	1,424
Less: Amount due for settlement within 12 months shown under current liabilities	(5,475)	(1,248)
Amount due for settlement after 12 months shown under non-current liabilities	4,197	176

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2022 RMB'000	2021 RMB'000
HK$	2,094	707

31. BANK AND OTHER BORROWINGS

	2022 RMB'000	2021 RMB'000
Secured bank borrowings	33,443	29,191
Unsecured other borrowings	–	2,536
Secured margin account payable	–	3,410
	33,443	35,137
Carrying amount of the above borrowings are repayable:		
Within one year	31,013	32,707
More than one year, but not more than two years	2,430	2,430
	33,443	35,137
Less: Amounts due within one year shown under current liabilities	(31,013)	(32,707)
Amounts shown under non-current liabilities	2,430	2,430
Breakdown of the bank and other borrowings:		
Fixed-rate borrowings	31,013	13,537
Floating-rate borrowings	2,430	21,600
	33,443	35,137

The Group's variable rate borrowings carry interest at prevailing rate of People's Bank of China plus a spread.

31. BANK AND OTHER BORROWINGS (Continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2022	2021
Effective interest rate:		
Fixed-rate borrowings	5.40% to 12.00%	4.35% to 18.00%
Variable-rate borrowings	10.50% to 11.00%	5.57% to 6.05%

As security for the bank borrowings granted to the Group, investment properties with an aggregate fair value of approximately RMB21,000,000 (2021: RMB20,200,000) and trade receivables with carrying amount of approximately RMB9,000,000 (2021: RMB9,800,000) as at 31 March 2022 have been pledged to the banks.

Margin account payable is secured by certain listed securities held by the Group (note 27) and carry interest at 12% per annum.

32. CONSIDERATION PAYABLE

In September 2018, Upright Joy Limited ("**Upright Joy**"), a wholly owned subsidiary of the Group, entered into a series of acquisition agreements with Wisdom Galore ("**Wisdom Galore Acquisition Agreement**") and Thriving Ascend Limited ("**Thriving Ascend**"), independent third parties, for the acquisition of 51.73% equity interest in Bright Leap Group, which wholly owns Weitu Technology, a company established in the PRC with limited liability, together with its subsidiaries ("**Weitu Group**"). On 24 January 2019, the Group completed the acquisition of the 51.73% equity interests in Bright Leap Group at a consideration of RMB75,466,000, which shall be settled by (i) RMB35,091,000 in cash; and (ii) the allotment and issuance of up to 27,318,773 shares (the "**Consideration Shares**") of the Company.

Pursuant to the Wisdom Galore Acquisition Agreement, the Consideration Shares are subject to adjustments based on future results of the Bright Leap Group and shall be paid in three instalments, which shall be satisfied by the allotment and issue of the respective maximum number of new ordinary shares of the Company within thirty days after the date of issuance of the audited financial statements for all subsidiaries in the PRC of the Bright Leap Group for the years ended 31 March 2019, 2020 and 2021 following the completion of the acquisition of Bright Leap Group ("**Relevant Periods**").

32. CONSIDERATION PAYABLE (Continued)

Pursuant to the Wisdom Galore Acquisition Agreement, Wisdom Galore irrevocably and unconditionally guarantee to the Group that the audited consolidated net profit after taxation ("**Actual Net Profit**") of all subsidiaries in the PRC of the Bright Leap Group based on the audited financial statements for the respective Relevant Periods, shall not be less than the guaranteed profits ("**Guaranteed Profits**"). If the Actual Net Profit is less than the Guarantee Profits, the number of new ordinary shares of the Company to be issued as consideration should be adjusted in accordance with the terms of Wisdom Galore Acquisition Agreement. The details of Wisdom Galore Acquisition Agreement are set out in the announcements issued by the Company dated 14 and 21 September 2018.

Prior to the end of the Relevant Periods, at the end of the each reporting period, the estimated Consideration Shares payable is recognised at fair value (the "**Consideration Payable**") and subsequent to the initial recognition, the Consideration Payable is measured at fair value with changes in fair values recognised in consolidated profit or loss.

During the year ended 31 March 2021, the Guaranteed Profits related to the second Relevant Period have been determined to be achieved. On 11 December 2020, the second installment of the 8,195,632 Consideration Shares of par value of HK$0.01 each were allotted to Wisdom Galore at HK$2.31 (equivalent to RMB1.95) per share. The directors of the Company expected that the third installment of 8,195,632 Consideration Shares will be issued within one year from 31 March 2021 in accordance with the terms of Wisdom Galore Acquisition Agreement. As at 31 March 2021, the fair value of the consideration payable was approximately RMB33,456,000 which was determined by reference to the quoted market price of HK$4.83 (equivalent to RMB4.08) per share of the Company at 31 March 2021 multiplied by the estimated 8,195,632 Consideration Shares payable. Accordingly, the carrying amount of Consideration Payable of approximately RMB33,456,000 was classified as current liabilities at 31 March 2021.

The Group recognised a loss on change in fair value of Consideration Payable of approximately RMB16,633,000 in profit or loss during the year ended 31 March 2021.

The Guaranteed Profited related to the third Relevant Period had been determined to be achieved. As at 31 March 2022, the Consideration Payable remained recognised at its carrying amount of approximately RMB33,456,000 and represented the Group's obligation to issue the 8,195,632 Consideration Shares to Wisdom Galore as the profit target for year 3 was met as at 31 March 2021. Subsequence to the end of the reporting period, the Consideration Payable was derecognised when the Company issued the Consideration Shares, as disclosed by the Company's announcement on 25 May 2022.

33. BONDS PAYABLES

	2022 RMB'000	2021 RMB'000
Current portion	63,177	39,586
Non-current portion	26,562	29,727
	89,739	69,313

During the year ended 31 March 2022, the Group issued bonds at par value in an aggregate principal amount of HK$85,210,000 (equivalent to approximately RMB70,108,000) to independent third parties. The bonds are denominated in HK$ and are unlisted. The bonds carry interest at a nominal rate ranging from 1% to 9% per annum, payable annually in arrears with a maturity period of 1 to 3 years. The proceeds were utilised for general working capital of the Group. The commission fee amounted to HK$7,777,000 (equivalent to approximately RMB6,398,000) and was deducted from the placing proceeds and recognised against the bonds payable.

During the year ended 31 March 2021, the Group issued bonds at par value in an aggregate principal amount of HK$49,000,000 (equivalent to approximately RMB42,871,000) to independent third parties. The bonds are denominated in HK$ and are unlisted. The bonds carry interest at a nominal rate of 1% to 7% per annum, payable annually in arrears with a maturity period of 1 to 3 years. The proceeds were utilised for general working capital of the Group. The commission fee amounted to HK$4,705,000 (equivalent to approximately RMB3,877,000) was deducted from the placing proceeds and recognised against the bonds payable.

34. CONVERTIBLE BONDS

On 3 April 2019, the Company completed the issue of convertible bonds (the "**CB I**") with the aggregate principal amount of HK$22,400,000 (equivalent to approximately RMB19,215,000) to independent third parties. The convertible bonds are denominated in HK$. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and the close of business on the fifth business day prior to the maturity date at a conversion price of HK$1.60 per share. If the bonds had not been converted, they will be redeemed on maturity date on 3 April 2022 at par. Interest of 7.5% per annum will be paid on the maturity date.

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

On 31 August 2020, the Company received conversion notices from Lam Shu Chung and Wong Yun Sang for the conversion of their CB I into ordinary shares. As a result, 8,400,000 new shares of HK$0.01 each in share capital of the Company were issued upon conversion of the CB I during the year ended 31 March 2021.

On 24 February 2021, the Company received conversion notice from Cheung Mui for the conversion for her CB II into ordinary shares. As a result, 8,640,000 new shares of HK$0.01 each in share capital of the Company were issued upon conversion of the CB II during the year ended 31 March 2021.

34. CONVERTIBLE BONDS (Continued)

On 3 August 2021, the Company received conversion notice from Lin Hong for the conversion of CB II into ordinary shares. As a result, 1,260,000 new shares of HK$0.01 each in share capital of the Company were issued upon conversion of the CB II during the year ended 31 March 2022.

The convertible bonds contain two components, a liability component and a derivative component representing the conversion option. The effective interest rates of the debt component are 7.00% for CB I and 7.22% for CB II respectively. The derivative component is measured at fair value with changes in fair value recognised in profit or loss. During the year ended 31 March 2020, transactions costs totalling of approximately RMB1,165,000 had been incurred for the issuance of convertible bonds.

The fair value of the convertible bonds on their respective issue dates was determined using a valuation technique (see note 39(c)(i)). The fair value of the convertible bonds at initial recognition differed from their respective transaction prices as the latter did not reflect the fair value of the conversion options. The difference between the fair value and the transaction price of the convertible bonds at initial recognition amounted to approximately RMB17,695,000 in aggregate which is recognised as a deferred loss against the carrying amount of the convertible bonds during the year ended 31 March 2020.

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

	Liability component RMB'000	Derivative component RMB'000	Deferred Day-1 loss RMB'000	Total RMB'000
At 1 April 2020	47,583	22,853	(12,191)	58,245
Recognition of deferred Day-1 loss in profit or loss	–	–	9,381	9,381
Change in fair value	–	18,757	–	18,757
Interest charge	2,701	–	–	2,701
Conversion to shares	(27,638)	(12,130)	–	(39,768)
Exchange realignment	(2,678)	(2,034)	183	(4,529)
At 31 March 2021	19,968	27,446	(2,627)	44,787
Recognition of deferred Day-1 loss in profit or loss	–	–	2,423	2,423
Change in fair value	–	(13,831)	–	(13,831)
Interest charge	1,354	–	–	1,354
Conversion to shares	(2,073)	(3,087)	–	(5,160)
Exchange realignment	(610)	(704)	(61)	(1,375)
At 31 March 2022	**18,639**	**9,824**	**(265)**	**28,198**

The fair values of the convertible bonds were determined by independent qualified valuer based on the Binomial Option Pricing model for the years ended 31 March 2022 and 2021. The key inputs used in the model are disclosed in note 39(c)(i).

35. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	1,000,000,000	10,000

	Number of shares	Share capital HK$'000	Shown in the consolidated statement of financial position RMB'000
Issued:			
At 1 April 2020	413,027,509	4,130	3,467
Issued as consideration for acquisition of subsidiaries in previous year *(note 32)*	8,195,632	82	69
Issue of shares arising from conversion of convertible bonds *(note 34)*	17,040,000	171	150
Issue of shares under Specific Mandate *(Note 1)*	50,000,000	500	417
At 31 March 2021	488,263,141	4,883	4,103
Issue of shares upon exercise of share options *(note 43)*	60,000,000	600	496
Issue of shares arising from conversion of convertible bonds *(note 34)*	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**

35. SHARE CAPITAL (Continued)

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.

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

36. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 RMB'000	2021 RMB'000
Deferred tax assets	**9,111**	4,571
Deferred tax liabilities	**(27,236)**	(23,104)
	(18,125)	(18,533)

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the year:

	ECL provision RMB'000	**Revaluation of property** RMB'000	**Undistributed earnings of PRC entities** RMB'000	**Share option** RMB'000	**Fair value adjustments of intangible assets on business combination** RMB'000	**Interest payable** RMB'000	**Total** RMB'000
At 1 April 2020	(1,375)	2,147	10,490	(2,477)	12,240	(328)	20,697
(Credit) charge to profit or loss *(note 10)*	(1,972)	25	5,123	(130)	(4,750)	(460)	(2,164)
At 31 March 2021	(3,347)	2,172	15,613	(2,607)	7,490	(788)	18,533
(Credit) charge to profit or loss *(note 10)*	(2,312)	120	5,630	(1,626)	(1,498)	(722)	(408)
At 31 March 2022	**(5,659)**	**2,292**	**21,243**	**(4,233)**	**5,992**	**(1,510)**	**18,125**

At the end of the reporting period, the Group has unused tax losses of approximately RMB64,755,000 (2021: RMB30,815,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses will expire in 2027 (2021: expire in 2026).

At the end of the reporting period, the Group has deductible temporary differences of approximately RMB1,885,000 (2021: RMB1,120,000) related to the unrealised profit of intra-group transaction. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax at 5% to 10% are imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2022, deferred taxation has been provided for in the consolidated financial statements in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries amounting to approximately RMB359,551,000 (2021: RMB263,191,000).

37. OPERATING LEASES

The Group as lessor

All of the properties leased out have committed tenants with fixed rent and lease term ranged from 1 to 2 years without extension or termination options granted to tenants.

Lease payments receivable on leases are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	371	358
In the second year to fifth year	–	93
	371	451

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings disclosed in note 31, bonds payables disclosed in note 33, convertible bonds disclosed in note 34, lease liabilities disclosed in note 30 and amounts due to non-controlling interests disclosed in note 26, net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at FVTPL	16,415	8,252
Financial assets at amortised cost	1,128,167	771,692
Financial liabilities		
Financial liabilities at FVTPL		
Consideration payable *(note)*	–	33,456
Convertible bonds — derivative component net of the deferred Day-1 loss	9,559	24,819
Financial liabilities at amortised cost	723,206	353,732

Note: The Consideration Payable was included in financial liabilities at amortised cost as at 31 March 2022 (see Note 32).

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related companies and non-controlling interests, financial assets at FVTPL, pledged bank deposits, bank balances and cash, trade and other payables, bank and other borrowings, amounts due to non-controlling interests, bonds payables, convertible bonds and consideration payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain of the Group's bank balances, financial assets at FVTPL, trade and other receivables, amounts due from (to) non-controlling interests and a related company, trade and other payables, bank and other borrowings, bonds payables, lease liabilities, convertible bonds and consideration payable are denominated in foreign currencies other than the functional currency of the respective group entities, which expose the respective group entities to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

The carrying amounts of the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency at the respective reporting date are as follows:

	Assets		Liabilities	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
HK$	**18,550**	12,610	**(171,289)**	(170,208)
USD	**9**	1,543	**–**	–

Sensitivity analysis

The following table below details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in RMB against HK$ and USD as at 31 March 2022. 5% (2021: 5%) is the sensitivity rate used in the management's assessment of the reasonably possible change in the relevant foreign exchange currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2021: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit or a decrease (an increase) in post-tax loss where RMB strengthen 5% (2021: 5%) against HK$ and USD. For a 5% (2021: 5%) weakening of RMB against HK$ and USD, there would be an equal and opposite impact on the profit or loss.

	2022 RMB'000	2021 RMB'000
HK$	**6,377**	6,580
USD	**–**	(64)

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities, fixed-rate bank and other borrowings, bonds payables and convertible bonds related to liability component (see notes 30, 31, 33 and 34 for details). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of RMB benchmark loan rate of the People's Bank of China on the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. As the management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of bank interest rate, bank balances are excluded from sensitivity analysis. A 50 basis points (2021: 50 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit (2021: post-tax loss) for the year ended 31 March 2022 would have decreased/increased by approximately RMB10,000 (2021: increased/decreased by approximately RMB92,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

(iii) Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities measured at FVTPL. The Group has appointed designated personnel to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, the post-tax profit (2021: post-tax loss) for the year ended 31 March 2022 would increase/decrease by approximately RMB685,000 (2021: decrease/increase by approximately RMB345,000) as a result of the changes in fair value of investments at FVTPL.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables and contract assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and contract assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk are primarily attributable to its trade receivables and contract assets. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances and contract assets individually. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and forward-looking information that is reasonable and supportive. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

The credit risk on liquid funds is limited because the counterparties are stated-owned banks or banks with high credit-ratings assigned by international or PRC credit-rating agencies.

The Group has concentration of credit risk as 19.9% (2021: 26.0%) and 69.8% (2021: 63.6%) of the total trade receivables are due from the Group's largest customer and the five largest customers respectively. The management of the Group considered that the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, the current business cooperation relationship, credit quality, the financial position of these customers as well as forward-looking information.

Other than the concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and trade receivables, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Fair risk	The aging of exposure slightly exceeds the credit term granted	Lifetime ECL — not credit-impaired	12m ECL
Substandard	The aging of exposure exceeds the credit term granted and the risk of non-payment increases as the time period is longer than normal expected process	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Doubtful	There have been significant increases of credit risk since initial recognition	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Remote	Probability of recovery of complete repayments is low	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Loss	Probability of recovery of any repayments is low	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2022 RMB'000	Gross carrying amount 2021 RMB'000
Financial assets at amortised costs						
Trade receivables	*24*	N/A	(note b)	Lifetime ECL (not credit-impaired)	**892,143**	538,863
				Loss (credit-impaired)	**11,222**	11,890
					903,365	550,753
Other receivables	*24*	N/A	(note a)	12m ECL	**16,800**	2,800
Rental deposits	*24*	N/A	(note a)	12m ECL	**1,734**	1,340
Amount due from a related company	*26*	N/A	(note a)	12m ECL	**67**	248
Amounts due from non-controlling interests	*26*	N/A	(note a)	12m ECL	**515**	814
Bank balances	*28*	AAA	N/A	12m ECL	**243,611**	232,158
Pledged bank deposits	*28*	AAA	N/A	12m ECL	**–**	6,000
Other item						
Contract assets	*25*	N/A	(note b)	Lifetime ECL (not credit-impaired)	**1,955**	17,754

Notes:

a. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. At 31 March 2022 and 2021, these amounts are not past due.

b. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL on individual basis.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount

Internal credit rating	2022 Average loss rate	2022 Trade receivables RMB'000	2022 Contract assets RMB'000
Low risk	0.37%	552,785	1,955
Fair risk	2.24%	322,031	–
Substandard	9.12%	4,758	–
Doubtful	28.39%	12,568	–
Remote	84.98%	5,279	–
Loss	100%	5,943	–
		903,364	1,955

Internal credit rating	2021 Average loss rate	2021 Trade receivables RMB'000	2021 Contract assets RMB'000
Low risk	0.32%	275,614	16,091
Fair risk	2.63%	233,594	1,391
Substandard	8.77%	24,793	272
Doubtful	26.74%	4,862	–
Remote	69.63%	400	–
Loss	100%	11,490	–
		550,753	17,754

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The credit rating is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2022, the Group has recognised approximately RMB12,871,000 (2021: RMB13,145,000) impairment allowance for trade receivables, based on individual assessments. Within that amount is an impairment allowance of approximately RMB5,942,000 (2021: RMB5,501,000) for credit-impaired debtors.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in allowance for lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 April 2020	5,354	3,793	9,147
Changes due to financial instruments recognised at 1 April			
— Transfer to credit-impaired	(2,474)	2,474	–
— Impairment losses recognised	799	5,501	6,300
New financial assets originated	6,845	–	6,845
At 31 March 2021	10,524	11,768	22,292
Changes due to financial instruments recognised at 1 April			
— Transfer to credit-impaired	**(2,458)**	**2,458**	**–**
— Impairment losses recognised	**(3,897)**	**11,214**	**7,317**
New financial assets originated	**5,554**	**–**	**5,554**
At 31 March 2022	**9,723**	**25,440**	**35,163**

Changes in the loss allowance for trade receivables are mainly due to:

	2022 Increase/(decrease) in lifetime ECL		2021 Increase/(decrease) in lifetime ECL	
	Not credit-impaired RMB'000	**Credit-impaired RMB'000**	Not credit-impaired RMB'000	Credit-impaired RMB'000
Several trade debtors with gross carrying amounts of approximately RMB19,080,000 (2021: RMB11,801,000) defaulted and transferred to credit-impaired	**(2,458)**	**13,672**	(2,474)	7,975
Several trade debtors with gross carrying amounts of approximately RMB874,000 (2021: RMB4,862,000) graded as doubtful	**217**	**–**	1,067	–
New trade receivables with gross carrying amount of approximately RMB707,991,000 (2021: RMB481,366,000) originated	**5,554**	**–**	6,845	–

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

During the year ended 31 March 2022, the Group reversed approximately RMB80,000 (2021: impairment of RMB39,000), provided approximately RMB7,000 (2021: reversed approximately RMB2,000) and approximately RMB2,625,000 (2021: reversed approximately RMB8,000) impairment allowance for contract assets, rental deposits and other receivables respectively, based on individual assessments. As at 31 March 2022, the accumulated loss allowance for contract assets, rental deposits and other receivables amounted to approximately RMB8,000 (2021: RMB88,000), approximately RMB47,000 (2021: RMB40,000) and approximately RMB2,714,000 (2021: RMB89,000), respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Liquidity and interest risk table

	Weighted average effective interest %	On demand or less than 1 months RMB'000	Within 1 to 3 months RMB'000	Within 3 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 March 2022							
Trade and other payables	–	538,952	–	–	–	538,952	538,952
Bank and other borrowings							
— floating rate	10.50	–	–	–	2,685	2,685	2,430
— fixed rate	5.93	–	26,439	4,855	–	31,294	31,013
Bonds payables	6.14	–	10,349	58,226	31,229	99,804	89,739
Consideration payables	–	33,456	–	–	–	33,456	33,456
Amounts due to non-controlling interests	–	8,977	–	–	–	8,977	8,977
Convertible bonds							
— liability component	7.14	–	6,992	12,372	–	19,364	18,639
		581,385	43,780	75,453	33,914	734,532	723,206
Lease liabilities	8.55	557	1,083	4,398	4,680	10,718	9,672
At 31 March 2021							
Trade and other payables	–	219,015	–	–	–	219,015	219,015
Bank and other borrowings							
— floating rate	5.97	–	18,272	3,700	–	21,972	21,600
— fixed rate	10.54	–	8,075	3,303	2,967	14,345	13,537
Bonds payables	6.14	–	–	43,082	34,487	77,569	69,313
Amounts due to non-controlling interests	–	10,299	–	–	–	10,299	10,299
Convertible bonds							
— liability component	7.15	–	–	–	22,421	22,421	19,968
		229,314	26,347	50,085	59,875	365,621	353,732
Lease liabilities	7.29	191	382	716	180	1,469	1,424

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial statements

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The management of the Company engaged an independent qualified professional valuer to determine the appropriate valuation techniques and inputs for fair value measurements.

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

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 March 2022

	Level 1 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
Listed equity securities	**16,415**	**–**	**16,415**
Financial liabilities at FVTPL			
Convertible bonds — derivative components net of the deferred Day-1 loss	**–**	**9,559**	**9,559**

Fair value hierarchy as at 31 March 2021

	Level 1 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
Listed equity securities	8,252	–	8,252
Financial liabilities at FVTPL			
Convertible bonds — derivative components net of the deferred Day-1 loss	–	24,819	24,819
Consideration payable	–	33,456	33,456

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial statements (Continued)

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

Financial assets/financial liabilities	Fair value as at 31 March 2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
Financial assets				
Listed equity securities	RMB16,415,000 (2021: RMB8,252,000)	Level 1	Quoted bid prices in an active market	N/A
Financial liabilities				
Convertible bonds — derivative component net of the deferred Day-1 loss	RMB9,559,000 (2021: RMB24,819,000)	Level 3	Binomial Option Pricing model, the key input are Time-to-maturity, underlying share price, conversion price, coupon rate, expected volatility, risk-free rate, discount rate, expected dividend yield *(note 3)*	Expected volatility of share price *(note 2)*
Consideration payable	N/A (2021: RMB33,456,000)	Level 3	Quoted bid prices of the Company's share in an active market, as actual profits of Bright Leap exceeded the guaranteed profits	*(note 1)*

Notes:

1. At 31 March 2021, since the Bright Leap Group has achieved the Guaranteed Profits, the carrying amount of the consideration payable is determined by the quoted market price of the Company's share multiplied by the number of Consideration Shares payable.

2. As at 31 March 2022, if the expected volatility of share price of comparable companies was 5% higher/lower and the other variables were held constant, the derivative component of convertible bonds would increase/decrease by approximately RMB56,000/RMB48,000 (2021: RMB376,000/RMB237,000), respectively. The key inputs used in calculation of the fair values of convertible bonds are as follows:

	CB I		CB II	
	2022	2021	**2022**	2021
Time-to-maturity	**0.0 year**	1.0 year	**0.3 year**	1.3 years
Underlying share price	**HK$2.99**	HK$4.83	**HK$2.99**	HK$4.83
Conversion price	**HK$1.60**	HK$1.60	**HK$1.73**	HK$1.73
Coupon rate	**7.5%**	7.5%	**7.5%**	7.5%
Expected volatility	**43.19%**	69.55%	**46.74%**	67.34%
Risk-free rate	**0.07%**	0.09%	**0.07%**	0.10%
Discount rate	**5.34%**	5.28%	**5.34%**	5.29%
Expected dividend yield	**0.0%**	0.0%	**0.0%**	0.0%

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial statements (Continued)

(ii) Reconciliation of Level 3 fair value measurements

	Liabilities Convertible bonds Derivative component RMB'000	Liabilities Convertible bonds Day-1 Loss RMB'000
At 1 April 2020	22,853	(12,191)
Recognition of deferred Day-1 loss in profit or loss	–	9,381
Conversion to shares	(12,130)	–
Change in fair value *(note)*	18,757	–
Exchange realignment	(2,034)	183
At 31 March 2021	27,446	(2,627)
Recognition of deferred Day-1 loss in profit or loss	–	2,423
Conversion to shares	(3,087)	–
Change in fair value *(note)*	(13,831)	–
Exchange realignment	(704)	(61)
At 31 March 2022	**9,824**	**(265)**

Note: Of the total change in fair value for the period included in profit or loss, approximately RMB13,831,000 (2021: RMB18,757,000) relates to unrealised fair value gain or losses on the derivative component of the convertible bonds at the end of the reporting period. Fair value changes on the derivative component of the convertible bonds are included in "other gains and losses".

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial statements (Continued)

(ii) Reconciliation of Level 3 fair value measurements (Continued)

	Liabilities Consideration payable RMB'000
At 1 April 2020	32,798
Shares issued	(15,975)
Change in fair value *(note)*	16,633
At 31 March 2021	33,456

Note: Of the total change in fair value for the period included in profit or loss, approximately RMB16,633,000 related to unrealised fair value losses on the consideration payable at the year ended 31 March 2021. Fair value changes on consideration payable were included in "other gains and losses".

There were no transfers into or out of Level 1, 2 and 3 during the year.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

40. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to secure the bank borrowing are as follows:

	2022 RMB'000	2021 RMB'000
Bank deposits	–	6,000
Listed securities	2,200	238
Investment properties	21,000	20,200
Trade receivables	9,000	9,800
	32,200	36,238

Restrictions on assets

In addition, lease liabilities of approximately RMB9,672,000 (2021: RMB1,424,000) are recognised with related right-of-use assets of approximately RMB9,427,000 (2021: RMB1,337,000) as at 31 March 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000	Bond payables RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Amounts due to non-controlling interests RMB'000	Interest payables RMB'000	Total RMB'000
At 1 April 2020	21,054	66,639	8,907	58,245	9,869	1,595	166,309
Financing cash flows *(note)*	14,083	1,323	(6,017)	–	430	(7,257)	2,562
Non-cash transactions:							
Finance costs recognised	–	5,511	284	2,701	–	7,693	16,189
New lease contracts	–	–	1,061	–	–	–	1,061
Derecognised upon early termination of lease	–	–	(3,007)	–	–	–	(3,007)
Changes in fair value	–	–	–	18,757	–	–	18,757
Exchange realignment	–	(4,160)	196	(4,529)	–	–	(8,493)
Recognition of deferred loss from initial recognition of convertible bonds	–	–	–	9,381	–	–	9,381
Conversion to shares	–	–	–	(39,768)	–	–	(39,768)
At 31 March 2021	35,137	69,313	1,424	44,787	10,299	2,031	162,991
Financing cash flows *(note)*	**(1,694)**	**17,418**	**(6,521)**	**–**	**(1,322)**	**(9,914)**	**(2,033)**
Non-cash transactions:							
Finance costs recognised	**–**	**5,429**	**877**	**1,354**	**–**	**10,630**	**18,290**
New lease contracts	**–**	**–**	**13,883**	**–**	**–**	**–**	**13,883**
Changes in fair value	**–**	**–**	**–**	**(13,831)**	**–**	**–**	**(13,831)**
Exchange realignment	**–**	**(2,421)**	**9**	**(1,375)**	**–**	**–**	**(3,787)**
Recognition of deferred loss from initial recognition of convertible bonds	**–**	**–**	**–**	**2,423**	**–**	**–**	**2,423**
Conversion to shares	**–**	**–**	**–**	**(5,160)**	**–**	**–**	**(5,160)**
At 31 March 2022	**33,443**	**89,739**	**9,672**	**28,198**	**8,977**	**2,747**	**172,776**

Note: The cash flows represent (i) the proceeds from and repayment of bank and other borrowings and related interest paid, (ii) the proceeds from and repayment of bond payables, net of payment of issue costs, (iii) the proceeds from and repayment of convertible bonds, net of payment of issue costs, (iv) the proceeds from and repayment to non-controlling interests, and (v) repayments of leases liabilities.

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2021, there were reduction to right-of-use assets of approximately RMB3,007,000 and lease liabilities of RMB3,007,000 due to certain contracts were derecognised upon early termination of lease or modified.

43. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Scheme**") pursuant to a resolution passed by its shareholders on 6 December 2017, for the primary purpose of providing incentives or rewards to eligible employees (including the executive, non-executive and independent non-executive directors of the Company) and other selected participants. The adoption of the Scheme became unconditional upon the listing of the Company on 6 December 2017 and refreshed on 26 September 2018.

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

Options granted must be taken up within 28 days of the date of the offer grant. A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

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

43. SHARE OPTION SCHEME (Continued)

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

		Number of share options									
			During the period								
Name and/ or category of grantees	Date of grant of share options	Outstanding as at 1 April 2021	Granted	Exercised	Cancelled	Lapsed	Outstanding as at 31 March 2022	Vesting period of shares options	Exercisable period of shares options	Exercise price per share HK$	Closing price per share immediately before the date of grant HK$
Directors											
Mr. Gao	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Mr. Gao	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Mr. Gao	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Mr. Teng	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Mr. Teng	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Mr. Teng	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Mr. Yu	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Mr. Yu	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Mr. Yu	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Mr. Yu	16 July 2021	–	1,647,789	–	–	–	1,647,789	Vested immediately on the date of grant	16 July 2021 to 15 July 2024	3.652	3.59
Mr. Yu	16 July 2021	–	1,647,789	–	–	–	1,647,789	16 July 2021 to 15 July 2022	16 July 2022 to 15 July 2024	3.652	3.59
Mr. Yu	16 July 2021	–	2,197,053	–	–	–	2,197,053	16 July 2021 to 15 July 2023	16 July 2023 to 15 July 2024	3.652	3.59
Mr. Lai	17 May 2019	6,000,000	–	(6,000,000)	–	–	–	Vested immediately on the date of grant	17 May 2019 to 16 February 2022	1.600	1.78
Mr. Lai	17 May 2019	6,000,000	–	(6,000,000)	–	–	–	17 May 2019 to 16 February 2020	17 February 2020 to 16 February 2022	1.600	1.78
Mr. Lai	17 May 2019	8,000,000	–	(8,000,000)	–	–	–	17 May 2019 to 16 February 2021	17 February 2021 to 16 February 2022	1.600	1.78
Mr. Liang	16 July 2021	–	1,647,789	–	–	–	1,647,789	Vested immediately on the date of grant	16 July 2021 to 15 July 2024	3.652	3.59
Mr. Liang	16 July 2021	–	1,647,789	–	–	–	1,647,789	16 July 2021 to 15 July 2022	16 July 2022 to 15 July 2024	3.652	3.59
Mr. Liang	16 July 2021	–	2,197,053	–	–	–	2,197,053	16 July 2021 to 15 July 2023	16 July 2023 to 15 July 2024	3.652	3.59

43. SHARE OPTION SCHEME (Continued)

		Number of share options									
			During the period								
Name and/ or category of grantees	Date of grant of share options	Outstanding as at 1 April 2021	Granted	Exercised	Cancelled	Lapsed	Outstanding as at 31 March 2022	Vesting period of shares options	Exercisable period of shares options	Exercise price per share HK$	Closing price per share immediately before the date of grant HK$
Consulting firm											
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	(1,200,000)	–	–	–	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Chatwin Capital Services Limited	29 June 2018	1,600,000	–	(1,600,000)	–	–	–	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Chatwin Capital Services Limited	16 July 2021	–	1,647,789	–	–	–	1,647,789	Vested immediately on the date of grant	16 July 2021 to 15 July 2024	3.652	3.59
Chatwin Capital Services Limited	16 July 2021	–	1,647,789	–	–	–	1,647,789	16 July 2021 to 15 July 2022	16 July 2022 to 15 July 2024	3.652	3.59
Chatwin Capital Services Limited	16 July 2021	–	2,197,053	–	–	–	2,197,053	16 July 2021 to 15 July 2023	16 July 2023 to 15 July 2024	3.652	3.59
Employees	29 June 2018	7,200,000	–	(7,200,000)	–	–	–	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Employees	29 June 2018	7,200,000	–	(7,200,000)	–	–	–	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Employees	29 June 2018	9,600,000	–	(9,600,000)	–	–	–	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Employees	16 July 2021	–	6,147,789	–	–	–	6,147,789	Vested immediately on the date of grant	16 July 2021 to 15 July 2024	3.652	3.59
Employees	16 July 2021	–	6,147,789	–	–	–	6,147,789	16 July 2021 to 15 July 2022	16 July 2022 to 15 July 2024	3.652	3.59
Employees	16 July 2021	–	8,197,053	–	–	–	6,147,789	16 July 2021 to 15 July 2023	16 July 2023 to 15 July 2024	3.652	3.59
Employees	20 August 2021	–	1,230,000	–	–	–	1,230,000	20 August 2021 to 19 August 2022	20 August 2022 to 19 August 2025	3.354	3.28
Employees	20 August 2021	–	1,230,000	–	–	–	1,230,000	20 August 2021 to 19 August 2023	20 August 2023 to 19 August 2025	3.354	3.28
Employees	20 August 2021	–	1,640,000	–	–	–	1,640,000	20 August 2021 to 19 August 2024	20 August 2024 to 19 August 2025	3.354	3.28
		60,000,000	41,070,524	(60,000,000)	–	–	41,070,524				
Exercisable at the end of the year		60,000,000					11,091,156				
Weighted average exercise price		1.61					3.62				

43. SHARE OPTION SCHEME (Continued)

Details of the share options granted and outstanding during the prior year were:

Name and/ or category of grantees	Date of grant of share options	Number of share options						Vesting period of shares options	Exercisable period of shares options	Exercise price per share HK$	Closing price per share immediately before the date of grant HK$
		Outstanding as at 1 April 2020	During the period				Outstanding as at 31 March 2021				
			Granted	Exercised	Cancelled	Lapsed					
Directors											
Mr. Gao	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Mr. Gao	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Mr. Gao	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Mr. Teng	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Mr. Teng	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Mr. Teng	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Mr. Yu	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Mr. Yu	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Mr. Yu	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Mr. Lai	17 May 2019	6,000,000	–	–	–	–	6,000,000	Vested immediately on the date of grant	17 May 2019 to 16 February 2022	1.600	1.78
Mr. Lai	17 May 2019	6,000,000	–	–	–	–	6,000,000	17 May 2019 to 16 February 2020	17 February 2020 to 16 February 2022	1.600	1.78
Mr. Lai	17 May 2019	8,000,000	–	–	–	–	8,000,000	17 May 2019 to 16 February 2021	17 February 2021 to 16 February 2022	1.600	1.78
Ms. Cheng	15 October 2019	(6,000,000)	–	–	(6,000,000)	–	–	15 October 2019 to 6 August 2020	7 August 2020 to 6 August 2023	1.600	2.00
Ms. Cheng	15 October 2019	(6,000,000)	–	–	(6,000,000)	–	–	15 October 2019 to 6 August 2021	7 August 2021 to 6 August 2023	1.600	2.00
Ms. Cheng	15 October 2019	(8,000,000)	–	–	(8,000,000)	–	–	15 October 2019 to 6 August 2022	7 August 2022 to 6 August 2023	1.600	2.00

43. SHARE OPTION SCHEME (Continued)

Name and/ or category of grantees	Date of grant of share options	Number of share options: Outstanding as at 1 April 2020	During the period: Granted	During the period: Exercised	During the period: Cancelled	During the period: Lapsed	Outstanding as at 31 March 2021	Vesting period of shares options	Exercisable period of shares options	Exercise price per share HK$	Closing price per share immediately before the date of grant HK$
Consulting firm											
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	–	–	–	1,200,000	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Chatwin Capital Services Limited	29 June 2018	1,200,000	–	–	–	–	1,200,000	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Chatwin Capital Services Limited	29 June 2018	1,600,000	–	–	–	–	1,600,000	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
Employees	29 June 2018	7,200,000	–	–	–	–	7,200,000	Vested immediately on the date of grant	29 June 2018 to 28 June 2021	1.612	1.55
Employees	29 June 2018	7,200,000	–	–	–	–	7,200,000	29 June 2018 to 28 June 2019	29 June 2019 to 28 June 2021	1.612	1.55
Employees	29 June 2018	9,600,000	–	–	–	–	9,600,000	29 June 2018 to 28 June 2020	29 June 2020 to 28 June 2021	1.612	1.55
		80,000,000	–	–	(20,000,000)	–	60,000,000				
Exercisable at the end of the year		36,000,000					60,000,000				
Weighted average exercise price		1.61					1.61				

During the year ended 31 March 2022, options were granted on 16 July 2021 and 20 August 2021. The estimated fair values of the options granted on those dates are approximately HK$49,032,000 and approximately HK$5,937,000 respectively, equivalent to approximately RMB40,843,000 and approximately RMB4,953,000 respectively. Chatwin Capital Services Limited (the "**Consulting Firm**") has been engaged by the Company as its investor relations consultant for two terms of 36 months each (i.e. from 1 July 2018 to 30 June 2021 and from 1 July 2021 to 30 June 2024). In consideration of the consultancy services to be rendered by Consulting Firm, the Company granted share options under the Scheme on 29 June 2018 and 16 July 2021 as disclosed above. Vesting period of share options is from the date of grant of share options until the commencement of the exercisable period.

The Group recognised the expense of approximately RMB28,488,000 for the year ended 31 March 2022 (2021: RMB4,493,000) in relation to share options granted by the Company. 60,000,000 share options granted under the Scheme were exercised during the year ended 31 March 2022 (2021: Nil).

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

The Binomial Option Pricing model has been used to estimate the fair value of the options granted to directors and employees. The variables and assumptions used in computing the fair value of the share options are based on the best estimate of the directors of the Company. The fair value of the services provided by service providers cannot be estimated reliably and as a result, the fair value is measured by reference to the fair value of share option granted.

43. SHARE OPTION SCHEME (Continued)

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

	20 August 2021	16 July 2021	15 October 2019	17 May 2019	29 June 2018
Grant date share price	HK$3.280	HK$3.590	HK$2.00	HK$1.78	HK$1.60
Exercise price	HK$3.354	HK$3.652	HK$1.60	HK$1.60	HK$1.61
Expected life	4.0 years	3.0 years	3.8 years	2.8 years	3.0 years
Expected volatility	60.07%	56.50%	50.85%	51.98%	61.57%
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	0.45%	0.23%	1.49%	1.65%	1.95%

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

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

44. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. The Group also operates a MPF scheme for all qualified employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Under the rule of the MPF Scheme, the employer and its employees are each qualified to make contributions to the Scheme at rate at the lower of HK$1,500 per month or 5% of relevant payroll costs each month.

During the year, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to approximately RMB3,228,000 (2021: RMB2,742,000) for the year ended 31 March 2022.

45. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in note 26.

(b) Guarantee

As at 31 March 2022, the Group's bank and other borrowings amounting to approximately RMB2,430,000 (2021: RMB5,326,000) were personally guaranteed by Mr. Lai and an amount of approximately RMB23,800,000 (2021: RMB21,600,000) were guaranteed by Mr. Lai and his close family member.

As at 31 March 2022, the Group's bank borrowings amounting to approximately RMB1,600,000 (2021: RMB1,800,000) were personally guaranteed by Mr. Ke, the director of subsidiaries and his close family member, and with his personal property.

As at 31 March 2022, the Group's bank borrowings amounting to approximately RMB5,613,000 were personally guaranteed by a director of the subsidiaries.

(c) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the year was as follows:

	2022 **RMB'000**	2021 RMB'000
Fee	**3,492**	3,315
Salaries and other allowances	**7,746**	7,814
Retirement benefit scheme contributions	**296**	125
Equity-settled share-based payments	**7,938**	4,060
	19,472	15,314

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

46. PARTICULARS OF SUBSIDIARIES

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Effective interest attributable to the Group				Principal activities
			Directly		Indirectly		
			2022	2021	2022	2021	
Abacus	17 April 2000 Hong Kong	HK$6,000,000	–	–	100%	100%	Investment holding
Action First Investment Limited[1]	28 July 2015 BVI/Hong Kong	US$10,000	100%	100%	–	–	Investment holding
Bright Leap	7 April 2018 BVI/Hong Kong	US$50,000	–	–	51.73%	51.73%	Investment holding
天昕有限公司 (Celestial Aurora Limited)	28 January 2019 BVI/Hong Kong	US$10,000	–	–	70%	70%	Investment holding
中裕集團有限公司 (Central Wealth Holdings Limited)	20 April 2018 Hong Kong	HK$10,000	–	–	100%	100%	Investment holding
創京有限公司 (Creation Chain Limited)	9 November 2018 BVI/Hong Kong	HK$1	–	–	54.25%	54.25%	Inactive
科銳有限公司 (Cyber Sharp Limited)	30 June 2016 Hong Kong	HK$1	–	–	100%	100%	Inactive
深圳市艾伯數字有限公司	4 August 2015 The PRC[3]	RMB10,000,000[4]	–	–	70%	70%	Inactive
湖南盈鼎網路有限公司 (Hunan Yingding Network Company Limited)[6,10]	28 September 2016 The PRC[3]	RMB2,000,000	–	–	33.62%	33.62%	Inactive
IBO Information	13 December 2000 The PRC[2]	HK$150,000,000	–	–	100%	100%	Sales of intelligent terminal products, provision of coordination, management and installation services of smart city, provision of system maintenance services and development of customised softwares
深圳市艾伯信息科技有限公司	1 November 2016 The PRC[3]	RMB20,000,000[5]	–	–	70%	70%	Collection, process and storage of data, text and graphics
IBO Holdings[1]	13 May 2016 BVI/Hong Kong	United States dollar 1 ("**US$1**")	100%	100%	–	–	Investment holding
艾伯智能有限公司 (IBO Intelligent Company Limited)	4 May 2018 Hong Kong	HK$10,000	–	–	100%	100%	Investment holding
駿新有限公司 (Jun Sin Limited)	8 October 2018 BVI/Hong Kong	US$50,000	–	–	100%	100%	Inactive

46. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Effective interest attributable to the Group Directly 2022	Directly 2021	Indirectly 2022	Indirectly 2021	Principal activities
源泉有限公司 (Rise Mark Corporation Limited)[10]	22 June 2018 Hong Kong	HK$1	–	–	51.73%	51.73%	Investment holding
艾伯智能(深圳)有限公司 (Shenzhen IBO Intelligent Company Limited)	13 March 2019 The PRC[3]	RMB20,000,000[7]	–	–	100%	100%	Inactive
Weitu Technology[10]	18 March 2004 The PRC[3]	RMB6,000,000	–	–	51.73%	51.73%	Provision of system maintenance services and development of customised softwares
深圳市運維網路有限公司 (Shenzhen Yunwei Network Company Limited ("**Yunwei Network**")[10]	1 March 2016 The PRC[3]	RMB1,261,905	–	–	51.73%	51.73%	Provision of system maintenance services and development of customised softwares
漢成控股有限公司 (Sino Achiever Holdings Limited)	28 November 2018 BVI/Hong Kong	US$1	–	–	54.25%	54.25%	Investment holding
成悦控股有限公司 (Successful Joy Holdings Limited)[1]	15 November 2018 BVI/Hong Kong	US$1	100%	100%	–	–	Investment holding
Upright Joy[1]	8 July 2015 BVI/Hong Kong	US$10,000	100%	100%	–	–	Investment holding
正輝有限公司 (Wonderful Splendor Limited)[1] ("**Wonderful Splendor**")	25 January 2019 BVI/Hong Kong	US$10,000	100%	100%	–	–	Investment holding
喜欣國際有限公司 (Jovial Ideal International Limited)[1]	29 May 2019 BVI/Hong Kong	US$1	100%	100%	–	–	Investment holding
深圳市艾伯通信有限公司	9 August 2019 The PRC[3]	RMB60,000,000[8]	–	–	51%	51%	Provision of coordination management and installation services of smart city
艾伯通信有限公司 (IBO Telecom Company Limited)	15 August 2019 Hong Kong	HK$100,000	–	–	51%	51%	Inactive
深圳市艾伯供應鏈科技有限公司	16 January 2020 The PRC[3]	RMB20,000,000[9]	–	–	100%	100%	Inactive
深圳市艾伯電子有限公司	7 December 2021 The PRC[3]	RMB55,000,000[11]	–	–	70%	–	Inactive
深圳市艾伯控股有限公司	18 May 2021 The PRC[3]	RMB20,000,000[12]	–	–	100%	–	Inactive
內蒙古好牛易購數字科技有限公司[13]	8 May 2021 The PRC[3]	RMB10,000,000[13]	–	–	42%	–	Inactive

46. PARTICULARS OF SUBSIDIARIES (Continued)

[1] Directly held by the Company.

[2] IBO Information is a wholly foreign owned enterprise established in the PRC.

[3] These companies are limited liability companies established in the PRC.

[4] The registered capital of 深圳市艾伯數字有限公司 are RMB10 million but only RMB1.8 million was paid by the Group up to the date of the issuance of the financial statements.

[5] The registered capital of 深圳市艾伯信息科技有限公司 are RMB20 million but nil were paid at the date of the issuance of the financial statements.

[6] The Group indirectly controlled this company through Yunwei Network, which has 65% ownership interest and voting rights in this company.

[7] The registered capital of 艾伯智能(深圳)有限公司 are RMB20 million but nil were paid at the date of the issuance of the financial statements.

[8] The registered capital of 深圳市艾伯通信有限公司 are RMB60 million and were fully paid during the year ended 31 March 2022.

[9] The registered capital of 深圳市艾伯供應鏈科技有限公司 are RMB20 million but nil were paid at the date of the issuance of the financial statements.

[10] Subsidiaries of Bright Leap Group.

[11] The registered capital of 深圳市艾伯電子有限公司 are RMB55 million but nil were paid at the date of the issuance of the financial statements.

[12] The registered capital of 深圳市艾伯控股有限公司 are RMB20 million but nil were paid at the date of the issuance of the financial statements.

[13] The registered capital of 內蒙古好牛易購數字科技有限公司 are RMB10 million but only RMB1 million were paid at the date of the issuance of the financial statements. The Group indirectly controlled this company through 深圳市艾伯數字有限公司, which has 60% ownership interest and voting rights in this company.

None of the subsidiaries had issued any debt securities at the end of the year.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of Incorporation and principal place of business	Proportion of ownership interests and voting held by non-controlling interest		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Bright Leap Group	BVI/The PRC	48.27%	48.27%	5,730	10,035	50,539	44,809
Individually immaterial subsidiaries with non-controlling interests		–	–	3,623	4,540	36,056	2,783
				9,353	14,575	86,595	47,592

46. PARTICULARS OF SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of Bright Leap Group is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Bright Leap Group

	2022 RMB'000	2021 RMB'000
Current assets	189,080	172,357
Non-current assets	31,735	38,692
Current liabilities	(103,584)	(105,816)
Non-current liabilities	(12,525)	(12,399)
Equity attributable to owners of the Company	54,167	48,025
Non-controlling interests	50,539	44,809

	2022 RMB'000	2021 RMB'000
Revenue	66,863	121,203
Profit and total comprehensive income for the year	11,872	20,791
Profit and total comprehensive income for the year		
attributable to owners of the Company	6,142	10,756
attributable to non-controlling interests	5,730	10,035
	11,872	20,791
Net cash inflow from operating activities	22,150	6,252
Net cash inflow (outflow) from investing activities	916	(911)
Net cash (outflow) inflow from financing activities	(1,013)	256
Net cash inflow	22,053	5,597

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 RMB'000	2021 RMB'000
Non-current assets		
Investments in subsidiaries	160,941	160,941
Amounts due from subsidiaries	26,000	26,000
	186,941	186,941
Current assets		
Amounts due from subsidiaries	279,657	137,954
Other receivables	62	–
Bank balances and cash	197	1,820
	279,916	139,774
Current liabilities		
Other payables	7,391	7,634
Other borrowings	–	2,536
Bonds payables	63,177	39,586
Amounts due to subsidiaries	63	8,681
Convertible bonds	28,198	–
	98,829	58,437
Net current assets	181,087	81,337
Total assets less current liabilities	368,028	268,278
Non-current liabilities		
Bonds payables	26,562	29,727
Convertible bonds	–	44,787
	26,562	74,514
Net Assets	341,466	193,764
Capital and reserves		
Share capital	4,865	4,103
Reserves	336,601	189,661
Total equity	341,466	193,764

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

Mr. Lai Tse Ming
DIRECTOR

Mr. Yu Kin Keung
DIRECTOR

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves:

	Share premium RMB'000	Merger reserve RMB'000 *(note)*	Share option reserve RMB'000	Retained profits (accumulated loss) RMB'000	Total RMB'000
At 1 April 2020	178,324	(43,325)	35,550	(46,251)	124,298
Loss and other comprehensive expense for the year	–	–	–	(56,825)	(56,825)
Issuance of shares under Special Mandate	62,171	–	–	–	62,171
Issuance of shares related to previous acquisition	15,906	–	–	–	15,906
Issuance of shares upon conversion of convertible bonds	39,618	–	–	–	39,618
Recognition of equity-settled share based payments	–	–	4,493	–	4,493
Cancellation of share option	–	–	(6,434)	6,434	–
At 31 March 2021	296,019	(43,325)	33,609	(96,642)	189,661
Loss and other comprehensive expense for the year	–	–	–	(41,824)	(41,824)
Issuance of shares under Special Mandate	12,160	–	–	–	12,160
Issuance of shares under General Mandate	63,934	–	–	–	63,934
Issuance of shares upon conversion of convertible bonds	5,150	–	–	–	5,150
Issuance of shares upon exercise of share options	112,641	–	(33,609)	–	79,032
Recognition of equity-settled share based payments	–	–	28,488	–	28,488
At 31 March 2022	**489,904**	**(43,325)**	**28,488**	**(138,466)**	**336,601**

Note: Merger reserve represented the difference between the share capital of Abacus, which was transferred from Shine Well to IBO Holdings pursuant to the reorganisation as set out on the prospectus dated 14 December 2017, and share capital and share premium of IBO Holdings.

48. EVENTS AFTER THE REPORTING PERIOD

The Group, Skill Time Developments Limited (the "**Vendor**"), Time Lead Enterprises Limited (the "**Target Company**"), SDXC Hainan, SDXC Shenzhen and the Guarantors entered into the sale and purchase agreement and supplemental agreement on 21 April 2022 and 17 May 2022 respectively, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 1,667 ordinary shares of the Target Company, representing 16.67% of issued share capital of the Target Company, at the consideration of RMB20,000,000. The consideration shall be satisfied by the issue of the convertible bonds by the Company to the Vendor. In addition, subject to the fulfillment of the performance targets for the three financial years ending 31 March 2023, 31 March 2024 and 31 March 2025 of the Target Company and its subsidiaries, the Purchaser conditionally agreed to pay the performance bonuses of up to RMB80,000,000 by issuing new ordinary shares of the Company to the Vendor. Accordingly, the aggregate of the consideration and the performance bonuses amounts to RMB100,000,000. Upon the Completion, the Group will directly hold 16.67% of the issued share capital of the Target Company.

For details, please refer to the Company's announcements dated 1 March 2022, 21 April 2022 and 17 May 2022.

FIVE YEARS FINANCIAL SUMMARY

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	**1,046,296**	560,325	487,756	298,916	212,700
Cost of sales and services rendered	**(867,695)**	(444,308)	(374,453)	(197,613)	(126,480)
Gross profit	**178,601**	116,017	113,303	101,303	86,220
Other income	**6,317**	4,832	4,514	5,675	5,522
Other expenses	**–**	–	–	–	(2,552)
Other gains (losses), net	**3,664**	(33,987)	(56,214)	3,677	(4,032)
Share of results of an associate	**727**	120	(226)	–	–
Impairment losses under expected credit loss model, net of reversal	**(15,423)**	(13,174)	(7,814)	172	–
Distribution and selling expenses	**(8,048)**	(7,295)	(5,543)	(3,123)	(1,698)
Administrative expenses	**(91,112)**	(50,956)	(71,879)	(52,577)	(15,719)
Finance costs	**(18,290)**	(16,189)	(10,353)	(2,802)	(1,868)
Research and development expenses	**(12,531)**	(13,935)	(3,856)	(5,321)	(2,005)
Listing expenses	**–**	–	–	–	(15,431)
Profit (loss) before taxation	**43,905**	(14,567)	(38,068)	47,004	48,437
Income tax expense	**(19,889)**	(12,955)	(12,072)	(12,064)	(12,961)
Profit (loss) and total comprehensive income (expense) for the year	**24,016**	(27,522)	(50,140)	34,940	35,476
Profit (loss) and total comprehensive income (expense) for the year attributable to					
— Owners of the Company	**14,663**	(42,097)	(52,955)	33,951	35,476
— Non-controlling interests	**9,353**	14,575	2,815	989	–
	24,016	(27,522)	(50,140)	34,940	35,476
ASSETS AND LIABILITIES					
Total assets	**1,561,692**	946,758	629,856	515,977	293,723
Total liabilities	**(940,478)**	(568,736)	(347,136)	(224,276)	(79,404)
Net assets	**621,214**	378,022	282,720	291,701	214,319
Total equity attributable to owners of the Company	**534,619**	330,430	249,703	261,499	214,319
Non-controlling interests	**86,595**	47,592	33,017	30,202	–
Total equity	**621,214**	378,022	282,720	291,701	214,319

DEFINITIONS

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

"Annual Report"	this annual report of the Company for the Year
"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
"2020 General Mandate"	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 15 September 2020 to allot and issue up to 84,285,501 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
"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
"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

* *For identification purpose only*

"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
"IoT"	Internet of Things
"Listing Committee"	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
"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 Annual Report, excludes Hong Kong, Macau Special Administrative Region and Taiwan Region
"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
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Weitu Group"	collectively, Weitu Technology, Yunwei Network and Hunan Yingding
"Weitu Technology"	Shenzhen Weitu Technology Development Co., Ltd.* (深圳市偉圖科技開發有限公司), a company established in the PRC with limited liability
"Yunwei Network"	Shenzhen Yunwei Network Co., Ltd.* (深圳市運維網絡有限公司), a company established in the PRC with limited liability
"%"	per cent

* *For identification purpose only*

ibotech 艾伯科技