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IBO TECHNOLOGY COMPANY LIMITED

艾伯科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2708)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

RESULTS HIGHLIGHTS

- Revenue for the year ended 31 March 2018 was approximately RMB212.70 million, representing an increase of 104.7% as compared with approximately RMB103.89 million for the year ended 31 March 2017.
- Gross profit for the year ended 31 March 2018 was approximately RMB86.22 million, representing an increase of 60.9% as compared with approximately RMB53.58 million for the year ended 31 March 2017. Gross profit margin for the year ended 31 March 2018 was 40.5%, representing a decrease of 11.1% as compared with 51.6% for the year ended 31 March 2017.
- Profit attributable to owners of the Company was approximately RMB35.48 million, representing an increase of 20.5% as compared with approximately RMB29.45 million for the year ended 31 March 2017.
- Core net profit (net of listing expenses) for the year ended 31 March 2018 was approximately RMB50.91 million, representing an increase of 39.7% as compared with approximately RMB36.43 million for the year ended 31 March 2017.
- Basic earnings per share for the year ended 31 March 2018 was approximately RMB10.89 cents, representing an increase of 10.9% as compared with approximately RMB9.82 cents for the year ended 31 March 2017.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of IBO Technology Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 March 2018 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2017 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | NOTES | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|------------------|-----------------|
| Revenue | 3 | 212,700 | 103,893 |
| Cost of sales and services rendered | | <u>(126,480)</u> | <u>(50,313)</u> |
| Gross profit | | 86,220 | 53,580 |
| Other income | 4 | 5,522 | 3,715 |
| Other expenses | | (2,552) | (77) |
| Other gains and losses | 5 | (4,032) | 241 |
| Distribution and selling expenses | | (1,698) | (1,055) |
| Administrative expenses | | (15,719) | (7,826) |
| Finance costs | 6 | (1,868) | (2,770) |
| Research and development expenses | | (2,005) | (544) |
| Listing expenses | | <u>(15,431)</u> | <u>(6,984)</u> |
| Profit before taxation | | 48,437 | 38,280 |
| Income tax expense | 7 | <u>(12,961)</u> | <u>(8,835)</u> |
| Profit and total comprehensive income for the year | 8 | <u>35,476</u> | <u>29,445</u> |
| Profit and total comprehensive income for the year attributable to | | | |
| — Owners of the Company | | 35,476 | 29,445 |
| — Non-controlling interests | | <u>—</u> | <u>—</u> |
| | | <u>35,476</u> | <u>29,445</u> |
| Earnings per share | | | |
| — Basic (RMB cents) | 10 | <u>10.89</u> | <u>9.82</u> |
| — Diluted (RMB cents) | | <u>10.89</u> | <u>N/A</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

| | <i>NOTES</i> | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 3,947 | 3,894 |
| Investment properties | | 19,360 | 19,200 |
| Rental deposits | | 994 | – |
| | | <u>24,301</u> | <u>23,094</u> |
| Current assets | | | |
| Inventories | | 1,245 | 1,635 |
| Trade and other receivables | <i>11</i> | 183,259 | 67,013 |
| Amounts due from customers for contract works | | 2,199 | 4,266 |
| Amount due from a director | | – | 15,980 |
| Amount due from a related company | | – | 115 |
| Bank balances and cash | | 82,719 | 31,568 |
| | | <u>269,422</u> | <u>120,577</u> |
| Current liabilities | | | |
| Trade and other payables | <i>12</i> | 57,466 | 15,379 |
| Amount due to a director | | – | 17,519 |
| Tax payables | | 9,373 | 5,061 |
| Bank borrowings | | 6,500 | 35,600 |
| | | <u>73,339</u> | <u>73,559</u> |
| Net current assets | | <u>196,083</u> | 47,018 |
| Total assets less current liabilities | | <u>220,384</u> | <u>70,112</u> |
| Non-current liability | | | |
| Deferred tax liabilities | | <u>6,065</u> | 4,699 |
| Net Assets | | <u>214,319</u> | <u>65,413</u> |
| Capital and reserves | | | |
| Share capital | | 3,349 | 1 |
| Reserves | | 210,970 | 65,412 |
| Equity attributable to owners of the Company | | 214,319 | 65,413 |
| Non-controlling interests | | – | – |
| Total Equity | | <u>214,319</u> | <u>65,413</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with the name of China Security Control Company Limited. Pursuant to a special resolution of the Company dated 15 June 2017, the name of the Company was changed from China Security Control Company Limited to IBO Technology Company Limited. 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**"). The ultimate controlling shareholder of the Group is Mr. Lai Tse Ming, who is also an executive director of the Company.

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, as well as collection, process and storage of data, text and graphics.

The companies now comprising the Group underwent a series of reorganisation (the "**Reorganisation**"). Prior to the Reorganisation, the entire equity interest of Abacus International Group Company Limited ("**Abacus**") and its subsidiaries, 艾伯資訊(深圳)有限公司 (IBO Information (Shenzhen) Limited) ("**IBO**"), Cyber Sharp Limited ("**Cyber Sharp**"), 深圳市國桐智能科技有限公司 (Shenzhen Guotong Intelligence Technologies Limited) ("**Guotong**"), 博海智能科技有限公司(深圳)有限公司 (Bohai Intelligence Technologies (Shenzhen) Limited) ("**Shenzhen Bohai**") and 深圳市艾伯數字技術有限公司 (IBO Shenzhen Digital Technology Limited) ("**IBO Digital**") were held by Shine Well, a company wholly-owned by Mr. Lai Tse Ming. Pursuant to the Reorganisation, which was completed by interspersing the Company and IBO Holdings between Shine Well and Abacus, which is achieved by the allotment of 99,999 shares of the Company to Shine Well, the Company became the holding company of the companies now comprising the Group on 29 June 2016. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("**HKFRSs**")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has consistently applied all HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2017.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sale of intelligent terminal products, provision of coordination, management and installation services of smart cities, provision of system maintenance services and development of customised softwares during the year.

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

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

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

Segment revenue and results

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 2018 | | | | | |
| REVENUE | | | | | |
| External sales | <u>97,736</u> | <u>95,242</u> | <u>8,723</u> | <u>10,999</u> | <u>212,700</u> |
| SEGMENT PROFIT | <u>45,837</u> | <u>28,744</u> | <u>6,853</u> | <u>4,786</u> | <u>86,220</u> |
| Unallocated income | | | | | 5,522 |
| Unallocated expenses | | | | | (21,974) |
| Finance costs | | | | | (1,868) |
| Listing expenses | | | | | (15,431) |
| Unallocated other gains and losses | | | | | <u>(4,032)</u> |
| Profit before taxation | | | | | <u>48,437</u> |
| | 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 2017 | | | | | |
| REVENUE | | | | | |
| External sales | <u>34,301</u> | <u>41,538</u> | <u>21,511</u> | <u>6,543</u> | <u>103,893</u> |
| SEGMENT PROFIT | <u>19,359</u> | <u>15,847</u> | <u>16,917</u> | <u>1,457</u> | 53,580 |
| Unallocated income | | | | | 3,715 |
| Unallocated expenses | | | | | (9,502) |
| Finance costs | | | | | (2,770) |
| Listing expenses | | | | | (6,984) |
| Unallocated other gains and losses | | | | | <u>241</u> |
| Profit before taxation | | | | | <u>38,280</u> |

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

Segment assets and liabilities

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

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Provision of coordination, management and installation services of smart cities | 92,448 | 41,538 |
| Sales of intelligent terminal products | 99,671 | 34,264 |
| Provision of system maintenance services | 10,999 | 6,543 |
| Development of customised softwares | 9,582 | 21,548 |
| | 212,700 | 103,893 |

Geographical information

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

Information about major customers

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

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|-------------------------------|-------------------------------|------------------------|
| Customer A ^{1&3} | 66,857 | 13,965 |
| Customer B ² | 29,200 | – |
| Customer C ¹ | 27,148 | 19,709 |
| Customer D ² | 31,946 | 41,538 |

¹ Revenue from intelligent terminal products sales segment

² Revenue from provision of system integration segment

³ Revenue from software development segment

4. OTHER INCOME

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Interest income | | |
| — from bank deposits | 23 | 144 |
| — from amount due from a director | — | 1,035 |
| Rental income | 490 | 576 |
| Government grants (<i>Note</i>) | 4,673 | 1,928 |
| Commission income | 188 | 32 |
| Others | 148 | — |
| | <u>5,522</u> | <u>3,715</u> |

Note: Government grants represented unconditional grants in relation to sale of qualifying technological products granted by the local government to IBO.

5. OTHER GAINS AND LOSSES

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Change in fair value of investment properties | 160 | 1,470 |
| Net exchange loss | (4,192) | (1,229) |
| | <u>(4,032)</u> | <u>241</u> |

6. FINANCE COSTS

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|-----------------------------|------------------------|------------------------|
| Interest on bank borrowings | <u>1,868</u> | <u>2,770</u> |

7. INCOME TAX EXPENSE

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Current tax: | | |
| PRC Enterprise Income Tax (“EIT”) | 10,245 | 6,711 |
| Withholding tax | 1,350 | — |
| | <u>11,595</u> | <u>6,711</u> |
| Deferred tax | 1,366 | 2,124 |
| | <u>12,961</u> | <u>8,835</u> |

Hong Kong

No provision for Hong Kong Profits Tax was made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax during the year (2017: 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 August 2013, IBO was granted the High and New Technology Enterprise (“**HNTE**”) 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, which was renewed in November 2016, pursuant to the release of new regulation with effect from 1 January 2016 and therefore is entitled to preferential tax rate of 15% from 2013 to 2018 in accordance to the PRC EIT Law.

During the year, no provision of EIT for Guotong, Shenzhen Bohai and IBO Digital have been made as no assessable income arises in, nor is derived from the PRC during the year (2017: nil).

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging:

| | 2018 | 2017 |
|--|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Directors' remuneration: | | |
| — Fees | 623 | – |
| — Salaries and other allowances | 1,465 | 1,376 |
| — Retirement benefit scheme contributions | 168 | 44 |
| Other staff costs: | | |
| — Salaries and other allowances | 11,840 | 10,892 |
| — Retirement benefit scheme contributions | 1,167 | 1,085 |
| Total staff costs | 15,263 | 13,397 |
| Auditor's remuneration | 2,101 | 12 |
| Surcharges on overdue payments to governmental authorities and compensation expenses | 498 | 77 |
| Depreciation of property, plant and equipment | 917 | 937 |
| Capitalised in inventories | (539) | (712) |
| | 378 | 225 |
| Cost of inventories recognised as an expense (included in cost of sales and services rendered) | 116,960 | 38,905 |
| Gross rental income from investment properties net of negligible direct operating expenses incurred for investment properties | 490 | 576 |
| Minimum operating lease rental expense in respect of rented premises | 2,966 | 1,886 |

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2018, nor had any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Earnings: | | |
| Earnings for the purpose of calculating basic earnings per share | <u>35,476</u> | <u>29,445</u> |
| | 2018 <i>'000</i> | 2017 <i>'000</i> |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | 325,753 | 300,000 |
| Effect of dilutive potential ordinary shares: | | |
| Over-allotment options | <u>122</u> | <u>–</u> |
| | <u>325,875</u> | <u>300,000</u> |

The number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2018 and 2017 has been determined on the assumption that the Group Reorganisation had been effect on 1 April 2016.

No diluted earnings per share was presented for the year ended 31 March 2017 as there were no potential ordinary shares in issue during the year ended 31 March 2017.

11. TRADE AND OTHER RECEIVABLES

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|-----------------------------------|-------------------------------|------------------------|
| Trade receivables | 102,100 | 53,265 |
| Retention receivables | 1,449 | 339 |
| Other receivables | 2,815 | 1,298 |
| VAT recoverable | 2,826 | 1,632 |
| Prepayments | 73,988 | 8,163 |
| Deferred listing expenses | – | 1,753 |
| Rental deposit | <u>81</u> | <u>563</u> |
| Total trade and other receivables | <u>183,259</u> | <u>67,013</u> |

The Group allows credit period ranging from 30 days to 180 days which are agreed with each of its trade customers. Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, normally within 1 year from the date of the completion of the respective project.

The following is an aged analysis of trade and retention receivables presented based on date of delivering of goods/payment certificates/invoice dates at the end of the reporting period, which approximated the revenue recognition dates:

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|---------------|-------------------------------|------------------------|
| 0–30 days | 26,226 | 7,673 |
| 31–90 days | 8,395 | 7,496 |
| 91–180 days | 17,775 | 36,616 |
| 181–365 days | 29,401 | 342 |
| Over 365 days | 21,752 | 1,477 |
| | <u>103,549</u> | <u>53,604</u> |

12. TRADE AND OTHER PAYABLES

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|-----------------------------------|-------------------------------|------------------------|
| Trade payables | 37,518 | 5,779 |
| Other payables and other accruals | 3,097 | 1,505 |
| Other tax payable | 13,695 | 5,662 |
| Accrued payroll expenses | 1,091 | 802 |
| Listing expenses payables | 2,065 | 1,631 |
| | <u>57,466</u> | <u>15,379</u> |

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 end of the reporting period:

| | 2018 <i>RMB'000</i> | 2017 <i>RMB'000</i> |
|--------------|-------------------------------|------------------------|
| 0–30 days | 5,590 | 3,260 |
| 61–90 days | 1,317 | – |
| Over 90 days | 30,611 | 2,519 |
| | <u>37,518</u> | <u>5,779</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Revenue breakdown by business segment:

| | For the year ended 31 March | | | |
|-------------------------------------|-----------------------------|--------------|----------------|-------|
| | 2018 | | 2017 | |
| | <i>RMB’000</i> | % | <i>RMB’000</i> | % |
| System integration | 95,242 | 44.8 | 41,538 | 40.0 |
| Intelligent terminal products sales | 97,736 | 45.9 | 34,301 | 33.0 |
| Software development | 8,723 | 4.1 | 21,511 | 20.7 |
| System maintenance services | 10,999 | 5.2 | 6,543 | 6.3 |
| Total | 212,700 | 100.0 | 103,893 | 100.0 |

System Integration

System integration business of the Group maintained growth and recorded a revenue of approximately RMB95.24 million during this year, representing an increase of 129.3% as compared with the corresponding period of last year, accounting for 44.8% of the Group’s total revenue. Based on analysis of customers’ needs and requirements, the Group provides comprehensive and tailor-made system solutions applying IoT technologies to its customers, including overall system planning, development and design, procurement of system equipment, integration of software and hardware devices of the system, system implementation, trial operation and system management and maintenance, etc.

The Group’s representative projects include (i) an intelligent traffic control system — to construct an intelligent traffic control system project in Ürümqi, Xinjiang, the PRC, which is mainly designed to help improve the efficiency, control and safety of road traffic systems of the region, and to construct and maintain an integrated traffic surveillance system so as to promote high efficient traffic management and instructions; (ii) a project of fiber optic networks— to cooperate with a technology company mainly engaged in providing “Smart City” solutions in Beijing, and provide property coordination, surveying and design services and a new system integration project service regarding the construction and installation of fiber optical networks to it, with a view to expedite the development process of smart city; and (iii) a project of IoT-driven big data platforms — to cooperate with a Beijing-based company that is primarily engaged in research and development of storage technology on sales of hardware products and equipment for projects to such company, such as RFID scanning

devices and active electronic tags, software development for IoT-driven big data platforms as recognised by such company and implementation of technical plans. We are responsible for device installation and testing as well as provision of training and warranty services, so as to achieve comprehensive information-based management, statistics analysis and enhanced emergency management capacities.

Intelligent Terminal Products Sales

The Group develops, produces and sells customisable IoT intelligent terminal products to its customers. During this year, revenue of this segment significantly increased by 185.0% year-on-year to approximately RMB97.74 million, accounting for 45.9% of the Group's total revenue, which became the new growth engine of the Group. Our intelligent terminal products deploy a wide range of technologies, including RFID technology, sensory technology, embedded technology and wireless communication technology. The Group provides different level tailor-made services according to different customer requirements, including ultra-energy saving, ultra-long and anti-interference transportation distance, customised embedded software, anti-explosion and ultra-protection design (such as anti-corrosion and anti-static) against bad environment conditions. During the year, the Group cooperated with an IoT technology company and a computer software development company (both based in Beijing) to sale electronic products.

Software Development

In line with the customer's business and management requirements, the Group plans and designs the software system framework and functions list for its customers, and provides customised software application development services. During this year, revenue of this segment was approximately RMB8.72 million, representing a year-on-year decrease of 59.5% and accounting for 4.1% of the Group's total revenue. The Group's representative projects include (i) the implementation management system developed for manufacturing enterprises; and (ii) the data security management system developed for IT companies.

System Maintenance Services

The Group provides system maintenance services for both the software and hardware of information systems encompassing maintenance and management for system devices, database maintenance, daily monitoring on the systems and system upgrades. During this year, revenue of this segment increased by 68.2% year-on-year to approximately RMB11.00 million, accounting for 5.2% of the Group's total revenue. The Group's representative system maintenance services include (i) the provision of information systems maintenance services for a PRC state-owned petroleum company, involving petrol filling IC card system and convenience store management system of more than 2,000 gas stations, such as the maintenance of point of sale (POS) terminals, consumption POS machines, operating systems, database systems and related software, data maintenance and technical training; and (ii) the provision of technology service and maintenance to a state-owned technology company, including technology service and maintenance for public transportation and follow-up support projects, and provision of consultation and maintenance services in respect of disaster prevention system for such enterprise.

FINANCIAL REVIEW

Revenue

The Group's revenue increased significantly by 104.7% to approximately RMB212.70 million during this year (2017: approximately RMB103.89 million), mainly attributed by the significant growth in revenue of system integration segment and intelligent terminal products sales operations. As for system integration, revenue during this year was derived from an intelligent traffic control project (the “**Intelligent Traffic Control Project**”) regarding the construction of an intelligent traffic control system in Ürümqi, Xinjiang, the PRC and a new system integration project regarding the construction and installation of fiber optical networks in Beijing, the PRC. As for intelligent terminal products sales, increase in revenue was mainly attributable to the significant growth of sales to an IoT technology company and a computer software development company (both based in Beijing).

Gross profit

The Group's gross profit increased significantly by 60.9% to approximately RMB86.22 million during this year (2017: approximately RMB53.58 million). The increase in gross profit was mainly attributable to the increase in revenue contributed by the Intelligent Traffic Control Project and the system integration project regarding the construction and installation of fiber optical networks in Beijing. In addition, the gross profit of intelligent terminal products increased significantly. The gross profit margin decreased by 11.1 percentage points to 40.5% as compared with corresponding period of last year, mainly due to the decrease in gross profit margin of the Intelligent Traffic Control Project. The Intelligent Traffic Control Project was classified into different subprojects according to the general plan and arrangement of our customer, among which, Installation subprojects carried out for the year ended 31 March 2017 had a relatively higher gross profit margin as compared with those carried out for the year ended 31 March 2018. In addition, significant decrease in sales of software development projects with higher gross profit margin also resulted in the decrease of overall gross profit margin.

Other income

During this year, the Group's other income mainly included (i) interest income from bank deposits; (ii) rental income; and (iii) government grants. Other income increased by 48.4% to approximately RMB5.52 million during this year (2017: approximately RMB3.72 million), mainly due to the significant increase in government grants.

Other expenses

During this year, the Group's other expenses increased by 30.9 times to approximately RMB2.55 million (2017: approximately RMB0.08 million), which mainly included (i) charity donation and (ii) late payment penalty.

Other gains and losses

The Group's other gains and losses mainly comprised of net exchange differences with other losses of approximately RMB4.03 million during this year (2017: gains of approximately RMB0.24 million), due to the movement of exchange rate of RMB and change in fair value of investment properties during this year.

Distribution and selling expenses

The Group's distribution and selling expenses increased by 60.4% to approximately RMB1.70 million during this year (2017: approximately RMB1.06 million), mainly due to the increase of staff salaries and welfare benefits.

Administrative expenses

The Group's administrative expenses increased by 100.8% to approximately RMB15.72 million during this year (2017: approximately RMB7.83 million), mainly due to the increase of staff salaries and welfare benefits, consulting service fee and rental expense.

Finance costs

The Group's finance costs decreased by 32.5% to approximately RMB1.87 million during this year (2017: approximately RMB2.77 million), mainly due to the decrease in bank borrowings during this year.

Research and development expenses

The Group's research and development expenses increased by 272.2% to approximately RMB2.01 million during this year (2017: approximately RMB0.54 million), which was mainly due to the fact that more focus was placed on the research and development to further broaden the Group's collective expertise and resources in order to meet the conditions of High and New Technology Enterprise.

Listing expenses

The Group had recognised approximately RMB15.43 million of listing expenses during this year while only approximately RMB6.98 million of listing expense was recognised for the year ended 31 March 2017.

Income tax expense

The Group's income tax expense increased by 46.6% to approximately RMB12.96 million during this year, mainly as a result of the Group's increased profit before taxation. The Group's effective tax rate increased by 3.7 percentage points to approximately 26.8% which was mainly due to the increase in tax effect of expenses not deductible for tax purposes (mainly including late payment penalty).

Profit and total comprehensive income and net profit margin for the year

As a result of the foregoing, the Group's profit and total comprehensive income increased by 20.5% to approximately RMB35.48 million during this year (2017: approximately RMB29.45 million). The Group's core net profit (net of listing expenses) increased by 39.7% to approximately RMB50.91 million (2017: approximately RMB36.43 million). The Group's net profit margin decreased by 11.6 percentage points to approximately 16.7% (2017: 28.3%), which was mainly due to the decrease in gross profit margin and the increase in listing expenses incurred of approximately RMB8.45 million for the year ended 31 March 2018.

Liquidity and Financial Resources

The Group adopted strict financial management policy, and its financial position remained sound. As at 31 March 2018, the Group's net current assets were approximately RMB196.08 million (2017: approximately RMB47.02 million).

As at 31 March 2018, the Group's bank balance and cash was approximately RMB82.72 million (2017: approximately RMB31.57 million). The current ratio (current assets to current liabilities) was approximately 3.7 times (2017: approximately 1.6 times).

Capital structure

As at 31 March 2018, the Group's total bank borrowings was approximately RMB6.5 million (2017: approximately RMB35.6 million).

Gearing ratio

As at 31 March 2018, the Group's gearing ratio (total assets to total liabilities) was approximately 3.7 times (2017: approximately 1.8 times).

Capital Expenditure

During this year, the Group's capital expenditure increased by 2.3 times to approximately RMB0.97 million (2017: approximately RMB0.29 million), which mainly represented purchase of motor vehicles and office equipment.

Capital Commitment

As at 31 March 2018, the Group did not have any significant capital commitment.

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 a foreign currency hedging policy. However, the Directors will monitor foreign exchange exposure closely and consider to use hedging instruments when the need arises.

Contingent Liabilities

As at 31 March 2018, the Group did not have any material contingent liabilities.

Pledge of Group's Assets

As at 31 March 2018, all of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year.

Employee and Remuneration Policy

As at 31 March 2018, the Group employed a total of 143 employees (2017: 141 employees). During this year, staff costs (including Directors' emolument) was approximately RMB15.26 million (corresponding period of 2017: approximately RMB13.40 million). By strictly following the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law (《勞動合同法》) and Labour Dispute Mediation and Arbitration Law (《勞動爭議調解仲裁法》), the Group recruits and promotes its employees based on individual development potential, talent and ability without discriminating against age, gender, race, nationality, religious and disability. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group regularly reviews remuneration policies and welfares of its employees.

MAJOR AWARDS AND CERTIFICATES

| Accreditation & Certificates | Details | Time of awarding/ Valid duration for awarding | Accredited/ Certified by |
|--|---|---|--|
| ISO14001:2015 Environmental Management System Certificate (環境管理體系 認證證書) | Environmental management activities in the occasions of departments, offices, working places related to development of computer software, communications equipment and monitoring software; computer information systems integration and services, network and computer system operation and maintenance services | 6 June 2017 to 5 June 2020 | Guangdong Quality Testing CTC Certification Co., Ltd. |

| Accreditation & Certificates | Details | Time of awarding/ Valid duration for awarding | Accredited/ Certified by |
|---|--|--|---|
| GB/T 28001-2011 Occupational Health and Safety Management System Certificate (職業健康安全管理體系認證證書) | Occupational health and safety management activities in the occasions of departments, offices, working places related to development of computer software, communications equipment and monitoring software; computer information systems integration and services, network and computer system operation and maintenance services | 6 June 2017 to 5 June 2020 | Guangdong Quality Testing CTC Certification Co., Ltd. |
| Standard Conformance Certificate for Service Operation and Maintenance of Information Technology Services (Grade III) (資訊技術服務運行維護標準符合性證書三級) | Evaluation of the maturity of an enterprise in its information technology services | 20 September 2017 to 19 September 2020 | China Electronics Standardisation Technology Association Information Technology Service Standards Sub-Association |
| Guangdong Province Certificate of Design, Construction and Maintenance of Safety Technology Prevention System (Level 4) (廣東省安全技術防範系統設計、施工、維修資格四級證書) | The design of security system of the public security organs in Guangdong Province, the implementation of qualification management of construction and maintenance. A unit that has not obtained the relevant qualification certificate shall not engage in electronic system design, construction and maintenance operations | 18 September 2017 to 18 September 2019 | Security Technology Prevention and Management Office of Guangdong Public Security Department |
| Certificate of Vice-Chairman Member (副會長單位證書) | Approved IBO Information (Shenzhen) Limited (艾伯資訊(深圳)有限公司) as a vice-chairman member of Shenzhen Security & Protection Industry Association | 8 December 2017 to 7 December 2018 | Shenzhen Security & Protection Industry Association |

| Accreditation & Certificates | Details | Time of awarding/ Valid duration for awarding | Accredited/ Certified by |
|---|---|--|--|
| Membership Certificate (會員證書) | Approved IBO Information (Shenzhen) Limited (艾伯資訊 (深圳)有限公司) as a member of China Security & Protection Industry Association | 31 March 2018 to 31 March 2020 | China Security & Protection Industry Association |

MAJOR COOPERATION AGREEMENTS ENTERED INTO DURING THE YEAR

1. **Cooperative partner:** A technology company based in the PRC

Subject: The project of a sub-part of a project commissioned by a telecommunications company based in the PRC to construct a regional high-speed customer premises network (CPN) in Beijing. Our Group shall be responsible for property coordination, surveying and design, procurement of raw materials and construction and installation of the fiber optic networks.

2. **Cooperative partner:** An electrical engineering company based in the PRC

Subject: Our Group shall be responsible for the development and construction of network and audio systems for a government building in Inner Mongolia.

3. **Cooperative partner:** A construction company based in the PRC

Subject: Our Group shall be responsible for the development and construction of an industrial television monitoring system for an energy company based in the PRC.

4. **Cooperative partner:** A technology company based in Beijing

Subject: The Group shall sell hardware products and equipment for projects to the cooperative partner, such as RFID scanning devices and active electronic tags, software development for IoT-driven big data platforms as recognized by our partners and shall be responsible for device installation and testing as well as the provision of training and warranty services.

5. **Cooperative partner:** A petroleum company based in the PRC

Subject: The Group shall maintain the station-level information systems, such as fuel card system, convenience store system, central control system and general ticket system, as well as the equipment of the cooperative partner, and shall be responsible for the provision of upgrade support, training and technical consultation services.

6. **Cooperative partner:** A IoT technology company based in Beijing

Subject: The Group shall sell electronic products to the cooperative partner, such as active electronic tags, and provide maintenance services.

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Lai Tse Ming and Shine Well (the “Covenantors”) in respect of the compliance with provisions of the Deed of Non-competition entered into between the Covenantors and the Company as set out in the paragraphs headed “NON-COMPETITION UNDERTAKING” in the section headed “RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS” of the Prospectus during the period commencing from the Listing Date and ending on 31 March 2018. Each of the Covenantors has given confirmation and representation that, during the period commencing from the Listing Date and ending on 31 March 2018, he/it has strictly complied with the Deed of Non-competition without any breach thereof. All 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 period commencing from the Listing Date and ending on 31 March 2018.

BUSINESS OUTLOOK AND STRATEGIES

Looking forward, China shows huge potential in the IoT market. In particular, RFID technology is one of the most important identification technologies for the IoT. Benefited from the support of the “Thirteenth Five-Year” development plan for the IoT, China’s RFID device market is expected to maintain rapid growth from 2016 to 2021. With increasing demand for city public safety management in China, as well as various favorable policies promulgated by the PRC government to support the development of Smart City, including the initiatives on “Made in China 2025”, “Internet+” and “Innovation and Entrepreneurship”, the IoT market is expected to usher in unprecedented development.

To strengthen the research and development of core technologies to upgrade our products and services

The Group is in the progress of researching a fire safety supervision system which is able to monitor the fire safety hazards of buildings all the time and obtain fire safety data such as electric leakage, gas leakage, short circuit and fire in real time, thus allowing the fire and security personnel to respond in a timely manner and reducing the loss of personnel and property. The system is planned to launch first in Guangdong Province and then the whole country. In addition, the Group has successfully developed a system for identifying driver identity to ensure that only qualified persons can drive and reduce the potential safety risks in the city. It is planned to launch to market.

In the future, the Group will continue to make more investment in technology research and development to provide customers with a wide range of comprehensive and customizable IoT products and services, such as the monitoring of hazardous goods, digital vehicles, food safety traceability and intelligent parking through adopting the development approach of scientific technology and promoting products and services upgrade; developing new core technology for enhancing the system maintenance capabilities of the Group; and applying R&D achievements in cloud computing, IoT and big data to extend to wider areas of public safety management industry so as to cater for the needs of customers in different industries.

To increase marketing efforts to promote different products and services to existing customers

In the city public safety management sector, our Group mainly engages in the areas of hazards supervision and safety production supervision. In May 2017, our Group had successfully won the tender as the exclusive provider of the digital gas cylinder monitoring system for civilian and industrial use in Karamay, Xinjiang. Related products have been launched in the market during the year and marketing efforts will be increased in the future. With regard to the fire safety supervision system which is under development and the successfully developed driver identification system, more marketing efforts will be devoted in the future due to the wide application of the products developed by the Group. By introducing related products to existing customers and potential customers, it is expected to increase the Group's sources of revenue through deepening existing relationships with customers and expanding the customer base.

To actively expand to various sectors of the “Smart City” market

In view of the rapid development and great potential of the “Smart City” market, the Group strives to become the leading integrated IoT intelligence terminal product application and solution services provider in the “Smart City” market. Capitalising on the experience in IoT application, system integration and system maintenance, the Group plans to extend to other sectors in the “Smart City” market, including the smart transport, smart education and smart healthcare segments. In the smart transport sector, the Group will actively promote the driver identification system in response to the state counter-terrorism and stabilization policy. In the future, The Group will commence strategic cooperation with large-scale IT companies in development and construction of “Smart City” projects.

To explore beneficial strategic investment opportunities

The Group plans to vertically extend the IoT intelligent terminal product application and solutions value chain to the upstream and downstream fields along the IoT industry through organic growth, strategic acquisitions and partnerships, thus improving its operational efficiency and leading position in the industry. Meanwhile, the Group will also establish the strategic partnership with horizontally related powerful enterprises (such as Internet companies) to complement each other, enhance the integration of various resources, such as big data cloud platform and artificial intelligence system, promote product and service innovation and strengthen business network to create a win-win situation.

The Group is exploring opportunities for acquisitions to expand its existing businesses and promote diversified development to improve shareholders' returns.

The global IoT market presents a rapid development momentum, ushering in its golden age. The Group will continue to strengthen technological innovation, expand market share and seize favorable market opportunities.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that had occurred after 31 March 2018 and up to the date of this announcement.

LISTING OF SHARES

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April 2016, and became the holding company of our Group on 29 June 2016. The shares of the Company (“**Shares**”) were successfully listed on the Main Board of the Stock Exchange on 28 December 2017 (“**Listing Date**”).

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company issued 100,000,000 new Shares for the Listing at the offer price of HK\$1.5 per Share. The net proceeds from the Listing, after deducting underwriting commissions and listing related expenses, were approximately RMB88 million.

As of 31 March 2018, The Group has utilised a total of approximately RMB22.65 million from the net proceeds. The unutilised net proceeds from Global Offering have been deposited in a licensed bank in Hong Kong. The utilisation of net proceeds was summarized as below:

| | Original allocation of net proceeds from Global Offering | | Actually utilised amount as of 31 March 2018 | Unutilised amount as of 31 March 2018 |
|---|---|---------------|--|---|
| | % | RMB'000 | RMB'000 | RMB'000 |
| Used for actively expanding our businesses through extending the application of our technologies into different sectors of the “Smart City” market from 2017 to 2018 | 54.3 | 47,784 | 18,264 | 29,520 |
| Used for identifying beneficial strategic investment opportunities from 2017 to 2019 | 19.4 | 17,072 | – | 17,072 |
| Used for further enhancement of our R&D development capability, in technologies including but not limited to digital driver and vehicle identification, face detection and digital monitoring of gas cylinders technologies from 2017 to 2019 | 16.3 | 14,344 | 1,951 | 12,393 |
| Used for additional working capital and other general corporate purpose | 10.0 | 8,800 | 2,439 | 6,361 |
| | <u>100.0</u> | <u>88,000</u> | <u>22,654</u> | <u>65,346</u> |

PURCHASE, SALE OR REDEMPTION OF SHARES

Since the Listing Date, the Company has not redeemed any of its Shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s Shares.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the “**Scheme**”) on 6 December 2017 which is valid and effective for a period of 10 years from 6 December 2017. The purpose of the 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 Scheme include any full-time or part-time employee of the Company or any member of the Group, including any of the executive directors, non-executive directors and independent non-executive directors, trustees, advisers, consultants, suppliers of the Group or any other person who, in the sole discretion of the Board, will contribute or have contributed to the Group. The principal terms of the Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix V to the Prospectus.

No share option was granted, exercised or cancelled by the Company under the Scheme from the Listing Date and up to the date of this announcement and there was no outstanding share option as at the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee of the Board consists of three independent non-executive Directors, namely Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming. The Company’s audited consolidated financial statements and annual results for the year ended 31 March 2018 have been reviewed by the audit committee of the Board, the members of which have met the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, for the review of the Group’s results for the year ended 31 March 2018.

The audit committee of the Board has reviewed the Company’s audited consolidated financial statements for the year ended 31 March 2018 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 ended 31 March 2018 with the management. They have also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) from the Listing Date to the year ended 31 March 2018. 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 a code of conduct regarding Directors’ transactions in securities of the Company (the “**Company’s Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”). After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company’s Code throughout the period commencing from the Listing Date to 31 March 2018.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on 27 August 2018, the register of members will be closed from 21 August 2018 to 27 August 2018, 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, 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 pm on 20 August 2018.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

2018 ANNUAL GENERAL MEETING

It is proposed that the 2018 Annual General Meeting of the Company will be held on 27 August 2018. A notice convening the 2018 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company accordingly.

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

This announcement is published on the Company's website (www.ibotech.hk) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2018 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 20 June 2018

As of the date of this announcement, the Board of the Company comprises Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Lyu Huiheng as executive Directors; and Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming as independent non-executive Directors.