OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1933)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September 2018 *RMB'000*	For the six months ended 30 September 2017 *RMB'000*
Revenue	**32,935**	32,064
Gross profit	**9,074**	11,733
(Loss)/profit attributable to shareholders	**(2,170)**	2,735
(Loss)/earnings per share		
– basic and diluted (RMB cents)	**(0.57)**	0.96

- Revenue: our revenue slightly increased by approximately RMB871,000 during the six months ended 30 September 2018 (the "Reporting Period"), which is due to stronger performance in the provision of technical services segment, and less revenue generated from sale of software systems and hardware businesses.

- Gross profit: our gross profit decreased by approximately RMB2,659,000 during the Reporting Period, which is attributable to 1) change in revenue profile as provision of technical services, which traditionally has lower gross profit margins, took a higher portion of total revenue; and 2) increase in cost of sales which in turn was driven by higher staff outsourcing costs.

- (Loss)/profit attributable to shareholders: the Group incurred a loss attributable to shareholders during the Reporting Period, which is mainly due to i) increase in cost of sales and the corresponding decrease in gross profit by approximately RMB2,659,000 as driven by higher staff outsourcing costs; and ii) increase in professional service costs by approximately RMB1,597,000.

- (Loss)/earnings per share – basic and diluted: Based on reasons set out above, our (loss)/earnings per share, basic and diluted, decreased accordingly and respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors") of OneForce Holdings Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to present the unaudited consolidated results of the Group for the Reporting Period.

BUSINESS REVIEW

As an information technology service provider, the Group is dedicated to technical innovation and its application in smart energy industry. The Group provides smart energy information technology services, including: tailor-made software systems, technical services and hardware equipment, to various types of energy companies.

In the first half of 2018 (calendar year), China's GDP amounted to approximately RMB41.9 trillion, representing a growth rate of approximately 6.8% per annum. Such steady growth in overall economy provides solid support for increase in demands for energy resources. Meanwhile, as driven by upgrades across the manufacturing industry, as exemplified by manufacturing, and the service industry, such as internet and IT, there were continuing signs of improvement in demands for electricity in the market. In accordance with statistics published by National Energy Agency, the gross electricity consumption in China in the first half of 2018 amounted to approximately 3,229.1 billion kWh, representing a growth rate of approximately 9.4% as compared with the same period of last year.

In the 13th Five Year Plan on Electric Power Development (《電力發展「十三五」規劃》), the state administration proposed to accelerate industry-wide reform and upgrading, and to achieve the transformation into the modern electric power industry featured with low carbon emission, safety and efficiency.

Under the circumstances of mild macro-economic environment, growing market demands and favourable industrial policies, the Group maintained its focus on investments in technological R&D and high-calibre people, so as to ensure long-term competitivity of our products and services. Meanwhile, the Group also made continuous efforts in finetuning internal managerial structure and mechanism so as to provide a clearer career path and comprehensive incentive plan, including share-based incentives, to our people. All in all, the Group has been putting the upmost importance and efforts in a steady core high-calibre team, which pave the way for the long-term growth and prosperity of our business.

During the Reporting Period, the Group's core business achieved operation and development. Across its software systems, technical services and sale of hardware businesses, the Group further strengthened its trusted relationship with major customers such as State Grid Corporation of China ("SGCC"), Inner Mongolia Power (Group) Co., Ltd. ("IMPG") and Tianjin TEDA Jinlian Electric Power Co., Ltd. ("Tianjin TEDA") by providing tailor-made and high-quality products and services to meet and exceed their demands and expectations. Meanwhile, the Group has also been exploring new business and customers.

Following the strategy to switch out existing products and service offerings to Software as a Service ("SaaS"), the Group continued its emphasis and investments in new and advanced technologies, such as "cloud computing", "big data", "mobile internet" and "new energy", and further rolled out OneForce Cloud Smart Energy Service Platform ("OneForce Cloud") to serve our customers and users in a more convenient and efficient way, in particular, for those small and medium size energy companies.

OUTLOOK AND PROSPECT

The Group operates in China's energy industry, which has experienced rapid development and industry-wide structural reform. Electric power industry, in particular, has made breakthroughs in certain key areas: pilots in incremental distribution grids, kick-off of verification in transmission and distribution price, and development in electric power exchange market, etc.. In this respect, electric power grid companies are exploring new ways for new business and markets.

The above changes requested the Group to work closely with our customers to promote innovation and embrace challenges. Meanwhile, it also brings new business opportunities. With continuing technological innovation as well as transformation and upgrading in economic structure, the Group will commit to its investments in research and development in "cloud computing", "big data", "mobile internet" and "new energy" and other new technologies and applications, and leverage the opportunities brought by economic and industrial development.

FINANCIAL REVIEW

During the Reporting Period, the decrease in profit attributed to equity shareholders of the Company is mainly due to: 1) increase in cost of sales and the corresponding decrease in gross profit by RMB2,659,000 as driven by higher staff outsourcing costs; and 2) increase in professional service costs during the Reporting Period by RMB1,597,000 after the listing of the Company's shares on 2 March 2018 (the "Listing").

Revenue

The following table sets out the breakdown of the Group's revenue by business segments during the Reporting Period:

	For the six months ended 30 September 2018 *RMB'000*	For the six months ended 30 September 2017 *RMB'000*
Sale of software systems	**12,388**	19,030
Provision of technical services	**18,777**	10,537
Sale of hardware	**1,770**	2,497
	32,935	32,064

During the Reporting Period, the Group's revenue slightly increased by approximately RMB871,000, which is mainly due to the combination of the following:

(i) sale of software systems recorded a decrease by approximately RMB6,642,000, which in turn, was attributable to the fact that the Group's undergoing projects were still work-in-progress and did not reach the relevant milestone for revenue recognition. Nevertheless, the Group's major customers exhibited stable demands and we maintained a healthy number of pipeline projects during and as at the end of the Reporting Period. Meanwhile, the Group has developed sales of software and related business with SGCC, the largest electric power company in the PRC, in electric power dispatching system and related business, which provides solid ground and future prospect for the Group;

(ii) the increase in revenue arising from the provision of technical services by approximately RMB8,240,000 was primarily due to higher revenue generated from electric power dispatching system related technical services provided to SGCC in addition to the ongoing maintenance and outsourcing services to IMPG and SGCC. As discussed above, the Group put a greater amount of efforts in exploring new business and markets after Listing, and we have progressed further along the way of SaaS. As such, revenue arising from technical service is expected to contribute more to the Group's future business development and prospect; and

(iii) revenue from sale of hardware revenue was approximately RMB727,000 lower, which was mainly due to the Group invested more time, people and other resources in expanding customer base and developing new product lines to boost long-term growth potential during the Reporting Period.

Cost of sales and gross profit margin

The following table sets out the breakdown of the Group's costs of sales and gross profit margin by business segments during the Reporting Period:

	For the six months ended 30 September 2018	For the six months ended 30 September 2017
Cost of sales *(RMB'000)*		
Sale of software systems	**8,860**	11,135
Provision of technical services	**13,398**	7,187
Sale of hardware	**1,603**	2,009
	23,861	20,331
Gross profit margin *(%)*		
Sale of software systems	**28.5%**	41.5%
Provision of technical services	**28.6%**	31.8%
Sale of hardware	**9.4%**	19.5%
	27.6%	36.6%

During the Reporting Period, cost of sales increased by approximately RMB3,530,000. Meanwhile, the Group's overall gross profit margin decreased from approximately 36.6% to approximately 27.6%, which was mainly due to the fact that during the Reporting Period, the Group's staff focused more on technological innovation, research and development and activities with higher value added to the Group. While the Group engaged an increasing number of staff for its routine operations through outsourcing. The Board is of the view that the outsourcing model can provide greater flexibility to the Group's operation and reduce compliance risk in relation to labour laws and regulations. As such, it can better serve the Group's long-term interests. Currently, as the Group is still at the initial and run-in period of adopting the outsourcing model with respective vendors. Consequently, the unit and overall costs incurred for the outsourcing staff increased during the Reporting Period.

Intangible assets

As an innovation driven company, the Group placed more efforts and resources in its R&D activities and invested approximately RMB4,715,000 in total (including capitalised and those charged in profit and loss accounts, please refer to the paragraph headed "Research and development expenditures" as further explained below) for the current financial period (six months ended 30 September 2017: RMB3,048,000). In particular:

(i) In response to and leverage the opportunities brought by the New Reform in China's electric power industry, the Group, based on its dedicated investments and reserves in "cloud computing", "big data", "mobile internet" and "new energy" and other new and advanced technologies, successfully launched OneForce Cloud in December 2017; and

(ii) The Group was accredited a total of 45 computer software copyrights as of the date of this announcement (31 March 2018: 37 computer software copyrights).

Trade and bill receivables and contract assets

As of 30 September 2018, the carrying amount of trade and bill receivables and contract assets (previously known as gross amount due from customers for contract work) amounted to approximately RMB84,260,000 (31 March 2018: RMB91,132,000). The decrease was mainly due to the Group accelerated debtor collection with our major customers.

Inventories

As of 30 September 2018, the carrying amount of inventories was approximately RMB12,463,000 (31 March 2018: RMB8,036,000). The increase was in line with the development of the Group's business and the number of its pipeline projects.

Research and development expenditure

The following table sets out the breakdown of the Group's capitalised/expensed R&D expenditure incurred during the Reporting Period:

	For the six months ended 30 September 2018	For the six months ended 30 September 2017
	RMB'000	*RMB'000*
R&D expenditure		
Capitalised	**3,754**	2,324
Charged to profit and loss accounts	**961**	724
	4,715	3,048

As a technology and innovation driven company, the Group has been consistently investing in R&D activities. During the Reporting Period, the Group's continued to place even more efforts in R&D, which were exhibited by the accreditation of 8 more computer software copyrights as of the date of this announcement.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group's operation and capital requirements were financed principally through a combination of cash flows generated from the operating activities and proceeds from Listing. As at 30 September 2018, the Group had net current assets of approximately RMB168,263,000 (31 March 2018: approximately RMB172,235,000), including bank balances and cash of approximately RMB73,382,000 (31 March 2018: approximately RMB87,409,000). The Group's current ratio (as calculated by current assets divided by current liabilities) increased from 7.89 times as at 31 March 2018 to 11.15 times as at 30 September 2018. Gearing ratio is calculated by net debt divided by total capital as at the end of the year. Net debt is calculated as total borrowings (including bank borrowings and finance lease payables, if any) less cash and bank balances, while total capital is calculated as "equity" as shown in the consolidated statement of financial position, plus net debt, where applicable. The Group's gearing ratio as at 30 September 2018 was nil (31 March 2018: nil). The improvement in liquidity position was mainly attributable to the Group's efforts in debtor collection from our major customers, as well as settlement of trade and other payables with our vendors during the Reporting Period.

FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks: (i) market risk (including foreign exchange risk, cash flow and fair value interest rate risk), (ii) credit risk; and (iii) liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group operates mainly in the PRC. Entities within the Group are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$ and RMB. Foreign exchange risk arises from monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The management of the Company has set up a policy to require the group companies to manage their foreign exchange risk against their functional currencies. The group companies do not adopt formal hedge accounting policy. It manages its foreign currency risk by closely monitoring the movements of foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

Cash flow and fair value interest rate risk

As at 30 September 2018, the Group did not have any bank borrowings and/or interest-bearing borrowings and was exposed to interest rate risk (31 March 2018: none).

Credit risk

Credit risk arises mainly from cash deposited at banks, trade and bill receivables and contract assets, deposits and other receivables.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The management of the Company makes periodic assessment on the recoverability of trade and bill receivables and contract assets based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The Group's historical experience in collection of trade and bill receivables and contract assets falls within the recorded allowances and the management is of the opinion that adequate provision for uncollectible receivables has been made in the financial statements.

The Group has been dedicated to reducing reliance on major customers. As at 30 September 2018, 50.3% (31 March 2018: 68.6%) of the trade and bill receivables and contract assets were due from the Group's largest customer and 93.6% (31 March 2018: 97.3%) were due from the five largest customers determined on the same basis.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and, if applicable, external regulatory or legal requirements, e.g. currency restrictions.

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets and receivables; and long-term financing including long-term borrowings, if any. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings which enable the Group to continue its business for the foreseeable future.

COMMITMENTS

The Group's contract commitments mainly include minimum lease payment under non-cancellable operating leases in respect of rented premises amounted to RMB2,494,000 as at 30 September 2018 (31 March 2018: RMB3,902,000).

CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 March 2018. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary shares.

As at 30 September 2018, the Company had 381,072,000 shares in issue.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2018 (31 March 2018: none).

TREASURY MANAGEMENT

For the six months ended 30 September 2018, there had been no material change in the Group's funding and treasury policies. The Group has a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

The management of the Company closely reviews trade and bill receivables and contract assets balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The management of the Company closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

PLEDGE OF ASSETS

As at 30 September 2018, no assets have been charged as security for bank borrowings of the Group (31 March 2018: none).

As at 30 September 2018, the Group had no property, plant and equipment that was held under finance leases (31 March 2018: none).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2018 – unaudited
(Expressed in RMB)

		Six months ended 30 September	
		2018	2017
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**32,935**	32,064
Cost of sales		**(23,861)**	(20,331)
Gross profit	*2(b)*	**9,074**	11,733
Other income	*3*	**1,684**	2,873
Selling expenses		**(2,768)**	(2,328)
Administrative and other operating expenses		**(10,172)**	(8,838)
(Loss)/profit from operations/before taxation	*4*	**(2,182)**	3,440
Income tax	*5*	**12**	(705)
(Loss)/profit for the period attributable to equity shareholders of the Company		**(2,170)**	2,735
(Loss)/earnings per share	*6*		
– Basic and diluted (RMB cents)		**(0.57)**	0.96

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018 – unaudited
(Expressed in RMB)

	Six months ended 30 September	
	2018	2017
		(Note)
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(2,170)**	2,735
Other comprehensive income for the period (after tax)		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements into presentation currency	**6,946**	(989)
Total comprehensive income for the period attributable to equity shareholders of the Company	**4,776**	1,746

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018 – unaudited

(Expressed in RMB)

	Note	At 30 September 2018 RMB'000	At 31 March 2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment		**641**	785
Intangible assets		**19,734**	18,153
		20,375	18,938
Current assets			
Inventories	*7*	**12,463**	8,036
Contract assets	*8*	**42,989**	–
Trade and bill receivables	*9*	**41,271**	91,132
Prepayments, deposits and other receivables	*10*	**14,737**	10,650
Cash and cash equivalents		**73,382**	87,409
		184,842	197,227
Current liabilities			
Trade payables	*11*	**2,135**	5,606
Other payables and accruals	*12*	**7,148**	12,579
Income tax payable		**7,296**	6,807
		16,579	24,992
Net current assets		**168,263**	172,235
Total assets less current liabilities		**188,638**	191,173
Non-current liabilities			
Deferred tax liabilities		**1,764**	2,853
Net assets		**186,874**	188,320
Capital and reserves	*13*		
Share capital		**3,083**	3,083
Reserves		**183,791**	185,237
Total equity		**186,874**	188,320

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

NOTE:

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("interim financial information") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 16 November 2018.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2018, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2019.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 March 2018. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 March 2018 that is included in the interim financial information as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The consolidated financial statements for the year ended 31 March 2018 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 June 2018.

2. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the design, implementation, enhancement and upgrades of software systems and the provision of technical services for power grid and distribution companies in the PRC and the sale of hardware.

Revenue represents contract revenue from the sales of software systems and the provision of technical services to customers and the sales of hardware. The amounts of each significant category of revenue recognised for the six months ended 30 September 2018 and 2017 are as follows:

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Sales of software systems	**12,388**	19,030
Provision of technical services	**18,777**	10,537
Sales of hardware	**1,770**	2,497
	32,935	32,064

Revenue from customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Customer A	**17,123**	6,032
Customer B	**9,320**	23,158

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which the information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

– Software systems: this segment engages in the design, implementation, enhancement and upgrades of software systems for power grid and distribution companies.

– Technical services: this segment engages in the provision of maintenance services on the software systems sold.

– Hardware: this segment sells software systems related hardware and spare parts.

(i) ***Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitor the results attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred for the six months ended 30 September 2018 and 2017. The Group's other income and expense items, such as other income, selling expenses, administrative and other operating expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2018 and 2017 is set out below.

	Six months ended 30 September 2018			
	Sales of software systems *RMB'000*	**Provision of technical services** *RMB'000*	**Sales of hardware** *RMB'000*	**Total** *RMB'000*
Revenue from external customers and reportable segment revenue	**12,388**	**18,777**	**1,770**	**32,935**
Reportable segment gross profit	**3,528**	**5,379**	**167**	**9,074**

	Six months ended 30 September 2017			
	Sales of software systems *RMB'000*	Provision of technical services *RMB'000*	Sales of hardware *RMB'000*	Total *RMB'000*
Revenue from external customers and reportable segment revenue	19,030	10,537	2,497	32,064
Reportable segment gross profit	7,895	3,350	488	11,733

(ii) ***Geographic information***

All of the Group's operations are carried out and the Group's customers are located in the PRC. The Group's non-current assets, including property, plant and equipment and intangible assets are all located or allocated to operations located in the PRC.

3 OTHER INCOME

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Refund of value-added-tax ("VAT") (Note (i))	**1,562**	2,664
Others	**122**	209
	1,684	2,873

Note:

(i) Pursuant to the tax rules and regulations in the PRC, entities engage in the sale of self-developed software in the PRC and pay VAT at a rate of 16% (before 1 May 2018: 17%) are entitled to a VAT refund to the extent of the VAT payable in excess of 3% of the self-developed software sold.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs#

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**11,918**	11,246
Contributions to defined contribution retirement scheme	**1,038**	1,005
	12,956	12,251

The employees of the subsidiary of the Group established in the PRC (other than Hong Kong) participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby this subsidiary is required to contribute to the scheme at a rate of 19% of the employees' basic salaries. Employees of this subsidiary are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(b) Other items

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Depreciation and amortisation[#]	**2,454**	1,116
Operating lease charges in respect of office premises	**946**	1,373
Research and development costs (other than amortisation)	**961**	724
Cost of inventories sold[#] *(Note 7)*	**23,679**	19,724

[#] Cost of inventories sold include RMB10,142,000 (six months ended 30 September 2017: RMB9,025,000) relating to staff costs, and depreciation and amortisation, respectively, which amounts are also included in the respective total amounts disclosed separately above or in Note 4(a) for each of these types of expenses.

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represent:

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Current tax – PRC Corporate		
Income Tax		
– Provision for the period	**244**	–
Deferred Tax		
– (Reversal)/Origination of temporary differences	**(256)**	705
	(12)	705

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(2,182)**	3,440
Expected tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i), (ii) and (iii))	**(348)**	897
Tax effect of non-deductible expenses	**352**	206
Tax effect of unused tax losses not recognised	**384**	72
Tax concessions (Note (iv))	**(155)**	(470)
Others	**(245)**	–
Actual tax expense	**(12)**	705

Notes:

(i) The subsidiary of the Group incorporated in Hong Kong is subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 September 2018 (six months ended 30 September 2017: 16.5%).

(ii) The Company and the subsidiary of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The subsidiary of the Group established in the PRC (excluding Hong Kong) is subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 September 2018 (six months ended 30 September 2017: 25%).

(iv) The subsidiary of the Group established in the PRC, namely Along Grid, has obtained an approval from the tax bureau to be taxed as an enterprise with advanced and new technologies, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2016 to 2019.

6 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the six months ended 30 September 2018 is based on the loss attributable to the equity shareholders of the Company of RMB2,170,000 and the weighted average of 380,684,612 ordinary shares in issue after deduction of shares purchased by the trustee on behalf of the Company pursuant to the Share Award Scheme during the six months ended 30 September 2018.

The basic earnings per share for the six months ended 30 September 2017 is calculated based on the profit attributable to equity shareholders of the Company of RMB2,735,000 and the weighted average of 285,072,000 ordinary shares, comprising 11,878 ordinary shares in issue as at the date of the prospectus of the Company and 285,060,122 ordinary shares issued pursuant to the capitalisation issue on the completion of the initial public offering, as if the above total of 285,072,000 ordinary shares were outstanding throughout the six months ended 30 September 2017.

(b) Diluted (loss)/earnings per share

The diluted loss per share for the six months ended 30 September 2018 has not taken into account the effect of the outstanding share options as it would decrease the loss per share, hence anti-dilutive.

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the six months ended 30 September 2017.

7 INVENTORIES

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
Software systems under development	**12,463**	8,036

The analysis of the amounts of inventories recognised as expenses as follows:

	Six months ended 30 September	
	2018 *RMB'000*	2017 *RMB'000*
Cost of inventories sold	**23,679**	19,724

8 CONTRACT ASSETS

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
Arising from performance under contracts with customers	**42,989**	–

Notes:

(i) The Group has initially adopted IFRS 9 and IFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

(ii) Upon the adoption of IFRS 15, some of the trade receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of retention period, were reclassified from "Trade and bill receivables" to "contract assets".

9 TRADE AND BILL RECEIVABLES

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000* *(Note (i))*
Trade receivables	**43,284**	49,041
Bill receivables	**3,542**	2,203
	46,826	51,244
Gross amount due from customers for contract work	**–**	39,888
Less: allowance for doubtful debts	**5,555**	–
	41,271	91,132

Note (i): Upon the adoption of IFRS 15, gross amount due from customers for contract work is included in contract assets.

All of the trade and bill receivables are expected to be recovered within one year, except for retention receivables of RMB3,368,000 at 30 September 2018 (31 March 2018: RMB1,998,000), which are expected to be recovered in more than one year.

(a) Ageing analysis

The ageing analysis of trade and bill receivables (excluding the gross amount due from customers for contract work), based on the invoice date and net of allowance for doubtful debts (if any), of the Group is as follows:

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
Less than 1 year	**26,469**	34,086
1 to 2 years	**11,050**	11,350
2 to 3 years	**2,908**	4,747
Over 3 years	**844**	1,061
	41,271	51,244

The Group generally requires customers to settle progress billings and retention receivables in accordance with contracted terms. Credit terms of 90 days may be granted to certain customers for progress billings.

(b) Impairment of trade and bill receivables

Impairment losses in respect of trade and bill receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bill receivables directly.

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2018	At 31 March 2018
	RMB'000	*RMB'000*
Prepayment for technical service fee	**3,624**	6,505
Prepayment for miscellaneous expenses	**3,862**	828
Amounts due from third parties *(Note i)*	**3,000**	–
Staff advances and other deposits	**2,140**	1,834
VAT refundable	**1,274**	954
Others	**837**	529
	14,737	10,650

Note (i): The amount was due from a third party with annual interest rate of 7%.

11 TRADE PAYABLES

	At 30 September 2018	At 31 March 2018
	RMB'000	*RMB'000*
Trade payables to third parties	**2,135**	5,606

All of the trade payables are expected to be settled within one year or are repayable on demand.

The ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	At 30 September 2018	At 31 March 2018
	RMB'000	*RMB'000*
Less than 1 year	**1,495**	5,193
1 to 2 years	**230**	–
2 to 3 years	**7**	259
Over 3 years	**403**	154
	2,135	5,606

12 OTHER PAYABLES AND ACCRUALS

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
Payables for staff related costs	**2,179**	1,819
Payables for costs incurred in connection with the initial listing of the Company's shares	**–**	6,293
Other taxes payables	**4,404**	3,855
Others	**565**	612
	7,148	12,579

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2018.

(b) Share capital

Balance of the Company's issued share capital are as follows:

	At 30 September 2018	At 31 March 2018
Ordinary shares, issued and fully paid:	**381,072,000**	381,072,000

(c) **Equity settled share-based transactions**

The Company has a share option scheme which was adopted on 5 February 2018 whereby the Directors are authorised, at their discretion, to grant eligible participants option to subscribe for the shares of the Company. On 30 July 2018, the Company offered to grant share options to certain eligible persons (including executive Directors and independent non-executive Directors of the Company) to subscribe for a total of 26,700,000 shares of the Company. For the share options granted, 20% will vest on 30 June 2019; another 30% will vest on 30 June 2020; and the remaining 50% will vest on 30 June 2021, subject to the vesting condition. These share options will be exercisable until 31 December 2021.

No options were exercised during the six months ended 30 September 2018 (Six months ended 30 September 2017: nil).

(d) **Purchase of own shares**

Pursuant to the Share Award Scheme, the Company purchased, through the trustee of the Share Award Scheme, a total of 2,760,000 shares of the Company for the six months ended 30 September 2018.

Month of purchase	**Number of shares purchased**	**Price per share Highest**	**Lowest**	**Aggregate price paid**
		HK$	*HK$*	*RMB'000*
August 2018	1,360,000	0.7473	0.7155	867
September 2018	1,400,000	0.7127	0.7080	871
	2,760,000			1,738

(e) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were approximately 205 as at 30 September 2018 (31 March 2018: approximately 190). The Group's employee benefit expenses mainly included salaries, overtime payment and discretionary bonus, share options, other staff benefits and contributions to retirement schemes. During the Reporting Period, the Group's total employee benefit expenses (including Directors' emoluments) amounted to RMB16.6 million (six months ended 30 September 2017: RMB13.1 million).

Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and that the risks of non-compliance with such requirements. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all applicable laws and regulations in the PRC and Hong Kong in all material respects during the Reporting Period.

The Group also complies with the requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") the Listing Rules and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance in all material respects.

ENVIRONMENTAL POLICY

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group. The Group strictly complies with the labour laws and regulations in the PRC and Hong Kong and regularly reviews the existing staff benefits for improvement.

The Group provides good quality services to customers and maintains a good relationship with them. The Group is able to establish trust and long-standing business relationship with its major customers.

The Group also maintains effective communication and develops long term and stable relationships with suppliers. During the Reporting Period, there was no material dispute nor disagreement between the Group and its suppliers.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and practices that emphasise a quality Board, effective risk management and internal controls systems, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture. The Company has complied with all code provisions of the CG Code throughout the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as code of conduct regarding securities transactions by Directors. In response to specific enquiries made, all Directors confirmed that they have complied with the Model Code in their securities transactions during the Reporting Period.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 5 February 2018 for the purpose of enabling the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

The details of the Share Option Scheme are set out in the prospectus of the Company dated 12 February 2018.

Particulars of share options outstanding under the Share Option Scheme at the beginning and at the end of the six months ended 30 September 2018 and share options granted, exercised, cancelled or lapsed under the Share Option Scheme during such period were as follows:

			For the six months ended 30 September 2018						Price of share of the Company	
Category of participants	Date of grant of share options[1]	Number of share options held as at 1 April 2018	Granted	Exercised	Lapsed/ Cancelled	Number of share options held as at 30 September	Exercise period of share options	Exercise price of share options	Date of grant of share options	prior to the exercise date of share options
								HK$	*HK$*	*HK$*
Executive Directors[2]		–	4,200,000	–	–	4,200,000		0.800	0.800	N/A
Independent non-executive Directors[2]	30 July 2018	–	1,500,000	–	–	1,500,000	30 July 2018 to 31 December 2021			
Other employees of the Group[2][3]		–	15,000,000	–	–	15,000,000		0.800	0.800	N/A
Advisers to the Group[2]		–	6,000,000	–	–	6,000,000		0.800	0.800	N/A
Total		–	26,700,000	–	–	26,700,000				

Notes:

(1) 20%, 30% and 50% of the share options granted will vest on each of 30 June 2019, 30 June 2020 and 30 June 2021, respectively.

(2) Vesting of the share options granted to independent non-executive Directors and advisers to the Group is not conditional upon satisfaction of any vesting conditions.

Vesting of the share options granted to executive Directors and other employees of the Group is conditional upon satisfaction of certain performance conditions applicable to relevant grantees.

(3) Do not include the executive Directors, namely Mr. Wang Dongbin, Mr. Wu Hongyuan, Mr. Li Kangying and Mr. Wu Zhanjiang.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the "Share Award Scheme") to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Share Award Scheme was adopted by the Board on 27 July 2018 ("Adoption Date") and valid and effective for a term of 10 years commencing on the Adoption Date. The aggregate number of the Shares underlying all grants made during the term of the Share Award Scheme is limited to 3% of the issued share capital of the Company from time to time. The maximum number of awarded shares granted to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

On 27 August 2018, the Board, based on the recommendation of the remuneration committee of the Board, resolved to provide a sum of HK$3.0 million for the trustee of the Share Award Scheme to purchase Shares from the market pursuant to the Share Award Scheme. Further details of the Scheme are set out in the announcements of the Company dated 27 July 2018 and 27 August 2018, respectively.

As at 30 September 2018, there were 2,760,000 Shares held in trust by the trustee under the Share Award Scheme. As at 30 September 2018, no Share has been awarded by the Board to any eligible participant of the Share Award Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

CORPORATE STRATEGY

The strategy of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for shareholders. Please refer to the Management Discussion and Analysis for discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objectives of the Group.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained in this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations presented in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2018 have been reviewed by the auditor of the Company, KPMG, in accordance with International Standard on Review Engagements 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The independent review report of the auditor will be included in the interim report (the "Interim Report") to shareholders. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2018 has also been reviewed by the Audit Committee of the Company.

EVENTS AFTER REPORTING PERIOD

Other than as disclosed elsewhere in this announcement, from 1 October 2018 to the date of this announcement, there are no significant events occurred after the reporting period that may affect the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Company at http://www.oneforce.com.cn and the Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The Interim Report of the Company will be despatched to shareholders in due course and will also be available at the websites above at the same time.

APPRECIATION

The Board would like to present its great appreciation to the management team and employees of the Group who have contributed to the development and growth of the Group and are working towards achieving the Group's visions. Heartfelt gratitude is also expressed to all of the business partners, customers, suppliers of the Group and the Shareholders. With their kind support and trust, the Board is confident that it will lead the Group to another milestone.

By order of the Board
OneForce Holdings Limited
WANG Dong Bin
Chairman

Beijing, China, 16 November 2018

As at the date of this announcement, the Board comprises Mr. Wang Dongbin, Mr. Wu Hongyuan, Mr. Li Kangying and Mr. Wu Zhanjiang as the executive directors; and Mr. Ng Kong Fat, Mr. Han Bin and Mr. Wang Peng as the independent non-executive directors.