OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1933)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019 AND CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

FINANCIAL HIGHLIGHTS

	For the year ended 31 March 2019 *RMB'000*	For the year ended 31 March 2018 *RMB'000*
Revenue	**115,108**	85,799
Gross profit	**37,900**	40,168
Other income	**5,781**	7,094
Administrative and other operating expenses	**19,921**	10,877
Gain on bargain purchase of subsidiaries	**11,596**	–
Costs incurred in connection with the acquisition of subsidiaries	**5,309**	–
Costs incurred in connection with the initial listing of the Company's shares	**–**	11,157
Profit for the year attributable to equity shareholders of the Company	**20,254**	16,722
Earnings per share – basic and diluted (RMB cents)	**5.20**	5.71

Revenue: our revenue increased by approximately RMB29,309,000, which is due to stronger performance in the Group's technical services and hardware products segments, and less revenue generated from the Group's software and solutions business.

Gross profit: our gross profit slightly decreased by approximately RMB2,268,000, which is due to (i) the overall increase in costs and expenses in association with the daily operation of the Group; and (ii) the change in revenue profile as provision of technical services and sale of hardware products, which traditionally have lower gross profit margins, take higher portion of total revenue.

Administrative and other operation expenses: the increase in administrative and other operation expenses is mainly due to (i) the Group made more investment in initial R&D projects; and (ii) the Company incurred higher professional service expenses after Listing.

Gain on bargain purchase of subsidiaries: a net gain of approximately RMB11,596,000 was recognised in relation to the Acquisition (as defined below) completed on 28 February 2019. Please refer to the paragraph headed "Gain on bargain purchase of subsidiaries" in this announcement for further details.

Listing and Acquisition related expenses mainly represent professional service fees in relation to (i) the Acquisition completed during the year ended 31 March 2019 of approximately RMB5,309,000; and (ii) the Global Offering and Listing on 2 March 2018 of approximately RMB11,157,000, respectively.

Profit attributable to shareholders: Based on reasons set out above, profit attributable to shareholders increased by approximately RMB3,532,000.

Earnings per share – basic and diluted: Based on reasons set out above and the issuance of 124,191,177 consideration Shares in connection with the Acquisition on 28 February 2019, earnings per share, basic and diluted, decreased from approximately RMB5.71 cents per share to approximately RMB5.20 cents per share.

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of OneForce Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present to you the consolidated results of the Group for the year ended 31 March 2019.

As an ICT service provider, the Group is dedicated to Industrial Internet of Things ("**IoT**" and "**IIoT**") related technical innovation and its application in smart energy IoT and smart city IoT businesses. The Group provides tailor-made software and solutions, technical services and hardware products to various types of energy companies, government and corporate customers.

INDUSTRY REVIEW

In 21st century, ICT has been becoming the main driver for economic growth and productivity improvement. An ever-increasing number of countries around the world has been and are placing the upmost the importance on IT and considers it as a fundamental and strategic part of national economy and society prosperity.

From macro-economy wise, China is the process and in the pivotal period of transforming economic development model, improving industrial structure. The traditional extensive economic growth pattern has exhibiting ever decreasing momentum, while the new economic growth model as characterised by technology advancement, management improvement and higher labour calibres has been gaining general acknowledgement and consensus. As such the construction of "information infrastructure", that is based on the new generation of ICT, is of upmost importance in leading technology advancement and management improvement. Accordingly, cloud computing, big data, IoT and etc. have becoming the underlying driving force across various sectors and industries. From 2018 onwards, the importance and potential IIoT has also gaining overwhelming recognition by major market participants, particularly with the development 5G technologies and its planned application.

From industrial policy wise, state authorities have also considered new generation of ICT as a core development area and enlisted it into 13th Five Year Development Plan for National Strategic Emerging Industries (《"十三五"國家戰略性新興產業發展規劃》). In 2018, Beijing, Shanghai, Fujian and various major municipal and provincial governments have endorsed and implemented policies to promote the development of the new generation of ICT and the construction of underlying information infrastructure. Under such circumstances, investments activities in information technologies are expected to prosper and provide broad opportunities and potentials for market participants.

BUSINESS REVIEW

During 2019 financial year, software and solutions (as known as "**software systems**") and technical services were the bi-driving force of our business and source of income. The Group continued to provide planning and consultation, design and development, installation and implementation, operational maintenance and various tailor-made software and solutions as well as technical services to customers in energy and public sectors, as well as government and various corporates, so as to assist them to enhance technology applications, operations and service innovations.

In our existing smart energy business, leveraging our long-term dedication and investments in technological research and development ("**R&D**"), such as cloud computing, big data and IoT, etc., the Group developed and further enhanced OneForce Cloud Smart Energy Service Platform ("**OneForce Cloud**") and Software as a Service ("**SaaS**") business pattern, which enabled us to assist local and medium-size electric power companies to increase management efficiency and improve customer experience. In 2019 financial year, at the meantime of strengthening 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**"), the Group has further expanded business horizontally (new geographical areas) and vertically (new product and service offerings) and markedly expanded customer reach, namely: China Southern Power Grid Co., Ltd. ("**CSG**"), NARI Technology Co., Ltd. ("**Nari**"), the China National Offshore Oil Corporation ("**CNOOC**"), and local government authorities.

Meanwhile, which the development of urbanisation and the acceleration of urban renewal (城市更新), the Group completed the acquisition of the Target Group and its smart city and IoT related business ("**Acquisition**")[1] during the year ended 31 March 2019. Upon completion of the Acquisition, the Group successfully marched into the smart city related IoT business sector. By leveraging technological know-how in electric power and IoT, the Group innovatively launched a comprehensive and practical solution, "**iPole**", for the implementation of smart city projects and successfully developed our proprietary product "**πPoint**". Equipped with such solutions and project, the Group is prepared and dedicated to exploring the brand-new market as brought by the development of smart city and related IoT infrastructure industry in the PRC.

[1] Reference is made to (i) the circular ("**Circular**") of the Company dated 15 January 2019; and (ii) the announcements of the Company dated 29 November 2018 and 28 February 2019 in relation to the Acquisition.

The construction of the Group's smart city IoT project in Beijing Mentougou ("**MTG Project**") – 1st phase ("**MTG-1 Project**") has been completed and put into commercial operation. Under the agreement reached with relevant government authorities, the Group was granted an exclusive concession right for a period of 10 years. By applying iPole and πPoint, MTG-1 Project is the 1st smart city project of its kind in the PRC that has been successfully implemented in a whole entire municipal administrative area and in real life environment. The complete construction and commercial operation of MTG-1 Project not only showcased the Group's market-leading capability in the application and implementation of smart city IoT related project, it also provides an invaluable pilot site for further R&D of new technologies and products, both internally and externally with our partners.

The Group has recently entered into the supplementary agreement with relevant government authorities for the development of smart city project in Beijing Mentougou district ("**MTG-2 Project**"). Upon completion of construction, MTG-2 Project will cover all major streets of central Mentougou district and apply a vast range of new IoT technologies and applications, such as: 5G deployment, intelligent transportation and internet of vehicles, as well as various applications in relation to intelligent municipal administration and more congenial environment for civil and corporate citizens.

Meanwhile, the Group has forged strategic cooperation relationship with Beijing Enterprises Group Company Limited ("**BG**") to leverage the opportunities brought by smart city IoT information infrastructure market in the upcoming years. Via our firm and tight cooperation relationship with BG, the Group intends to explore and roll-out our smart city IoT related solutions and projects in projects in Beijing-Tianjin-Hebei region, Yangtze Economic Belt and Guangdong-Hong Kong-Macao Greater Bay Area. In February 2019, the Group's cooperation with BG has crystalised. The Group's joint venture company with BG has entered into a cooperation agreement with Jiangsu Province Wuxi Airport Economic Development Zone Administrative Commission in relation to the development of smart city and big data centre projects in local area.

In addition, the Group's has also formed strategic and/or project-wide cooperation relationship with a number of esteemed and established parties, including China State Construction Engineering Corporation ("**CSCEC**"), China Resources Land Limited ("**CR Land**"), Aliyun Computing Co., Ltd. ("**Aliyun**") and Beijing Kingsoftyun Internet Technologies Co., Ltd. ("**Kingsoftyun**"), etc., to jointly explore smart city IoT related markets and business. Recently, the Group has successfully landed our first cooperation project with CSCEC in Tianjin Tanggu Bay by applying our iPole solution and πPoint.

OUTLOOK AND PROSPECT

The Group has accumulated abundant experience and technological expertise in providing industrial IT services, in particular, by serving and cooperating with SGCC, IMPG and local electric power companies over the years, the Group has successfully built up self-developed intellectual property rights and comprehensive service network, and established trust-worthy brand name and reputation in the market. We will further leverage our strengths and capabilities in exploring the brand-new opportunities brought by the construction of IoT information infrastructure.

The Group has clear IIoT-oriented business strategy in place, which is also highly consistent with national economy and industry development trend. By leveraging our technological R&D and applications in cloud computing, big data and IoT etc., the Group will pro-actively participate into the construction of new generation of IoT information infrastructure in smart energy and smart city sectors.

In smart energy business, the Group's long-serving customer, SGCC, announced its outline to develop and construct the ubiquitous electric power IoT (泛在電力物聯網), which indeed is creating an intellectual data sharing service system that connects all people and equipment in the entire power system, by applying new and advanced information and communication technologies, such as cloud computing, big data and IoT etc.. The nature and substance of ubiquitous electric power IoT is in line with the core development concept of IIoT, which not only brings more commercial opportunities with SGCC to participate into related projects, but also created valuable opportunities to cooperate with various partners in the IIoT sector. As the dominant market player, SGCC's outline set up the tone of China's electric power industry. Other market participants, such as CSG, IMPG and other major local electric power companies, are expected to join forces with SGCC, which means more growth potential and business opportunities for the Group.

In smart city IoT business, the Group has forged cooperation relationship with BG and various state-owned entities. By exercising respective advantages in technological expertise, project resources and implementation, the Group is capable of aligning partners in the ecosystem to better participate into the latest civil urbanisation process and the construction of smart cities by applying cloud computing, big data, IoT and various new and advanced technologies, so as to achieve delicate urban administration and convenient public services to a greater extent.

Wang Dongbin
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets out the breakdown of the Group's revenue by business segments for the year ended 31 March 2019:

	For the year ended 31 March 2019 *RMB'000*	For the year ended 31 March 2018 RMB'000
Software and solutions	**40,943**	51,746
Technical services	**45,775**	20,495
Hardware products	**28,390**	13,558
	115,108	85,799

For the year ended 31 March 2019, the Group's revenue increased by approximately RMB29,309,000, which is mainly due to the combination of the following:

(i) increase in revenue arising from provision of technical services by approximately RMB25,280,000 as a result of the Group's continuous efforts to enlarge product and service offerings and further expansion to electric power despatch management and system integration related services to SGCC;

(ii) growth in sale of hardware products of approximately RMB14,832,000, which in turn, was mainly attributable to the Group's endeavour to increase market presence in new geographic areas and newly explored esteemed customers such as CSG and Nari; and

(iii) decrease in sale of software and solutions of approximately RMB10,803,000 due to lower income from IMPG as a result of the completion of certain major projects, such as Rural Access to Selling and Management Information System Project in the prior year; and the Group's continuing efforts to explore new business, new markets and new customers so as to further reduce reliance on fewer major customers.

Cost of sales and gross profit margin

The following table sets out the breakdown of the Group's cost of sales and gross profit margin by business segments for the year ended 31 March 2019:

	For the year ended 31 March 2019 *RMB'000*	For the year ended 31 March 2018 *RMB'000*
Cost of sales		
Software and solutions	**22,683**	24,087
Technical services	**31,061**	10,961
Hardware products	**23,464**	10,583
Total	**77,208**	45,631
Gross profit ratio (%)		
Software and solutions	**44.6%**	53.5%
Technical services	**32.1%**	46.5%
Hardware products	**17.4%**	21.9%
Average	**32.9%**	46.8%

For the year ended 31 March 2019, cost of sales increased by approximately RMB31,577,000, which was in line with the increase in revenue. Meanwhile, the Group's overall gross profit margin decreased from approximately 46.8% to approximately 32.9%, which was mainly due to:

(i) as explained above, attributed to continuous efforts in expanding product and service offerings, exploring new markets and customers, the Group not only was accredited new contracts by SGCC regarding electric power despatch management business; also marched into new markets and earned new and esteemed customers such as CSG and Nari. As such, the increase in cost of sales was in line with sale pattern;

(ii) for the year ended 31 March 2019, to bring more flexibility in strategic planning and business operation, in particular under current economic sentiment, the Group engaged an increasing number of staff for its routine operations through outsourcing, while the Group's own staff focused more on technological innovation, R&D and activities with higher value-added to the Group. Accordingly, staff outsourcing costs were higher than the prior year; and

(iii) for the year ended 31 March 2019, in connection with the development of the Group's sale of hardware products business, related equipment procurement costs also correspondingly increased.

Other income

For the year ended 31 March 2019, other income mainly represents refund of value-added-tax of approximately RMB5,192,000 (year ended 31 March 2018: approximately RMB6,901,000). The decrease in refund income is in line with changes in the Group's revenue mix as fewer number of projects completed during 2019 financial year were eligible for refund of value-added-tax.

Administrative and other operating expenses

The following table sets out the breakdown of the Group's administrative and other operating expenses incurred for the year ended 31 March 2019:

	For the year ended 31 March 2019 *RMB'000*	For the year ended 31 March 2018 *RMB'000*
Labour costs	**5,879**	5,598
R&D expenses	**3,063**	1,145
Professional services expenses	**6,872**	863
Others	**4,107**	3,271
	19,922	10,877

For the year ended 31 March 2019, administrative and other operating expenses amounted to approximately RMB19,922,000, which was approximately RMB9,045,000 higher than that of the previous year. The increase was mainly attributable to:

(i) annual salary increase to the Group's employees;

(ii) the Group's continuous dedication and efforts to further strengthen technological capabilities and invested more in initial R&D activities in the current year; and

(iii) increase in professional service expenses in relation to legal and compliance counsels, audit and printing services as incurred by the Company after Listing (classified as listing expenses in the prior year).

Gain on bargain purchase of subsidiaries

Gain on bargain purchase of subsidiaries represents the difference between:

(i) the fair value of the consideration Shares issued upon completion of the Acquisition on 28 February 2019, as determined by making reference to the closing price of Shares on the same date; and

(ii) the fair value of the net identifiable assets of the Target Group as at 28 February 2019.

Listing and Acquisition related expenses

Listing and Acquisition related expenses mainly represent professional service fees in relation to 1) the Acquisition completed during the year ended 31 March 2019 of RMB5,309,000; and 2) the Global Offering and Listing on 2 March 2018 of RMB11,157,000, respectively.

Intangible assets

As of 31 March 2019, the carrying amount of intangible assets was approximately RMB73,416,000 (31 March 2018: RMB18,153,000). In particular:

(i) the Group completed the acquisition of the Target Group and it IoT related business and assets (mainly smart city IoT related patents and software copyrights) in 2019 financial year and successfully marched into smart city IoT market; and

(ii) as an innovation driven company, the Group placed continuing efforts and resources in its R&D activities. As of the date of this announcement, the Group has applied/registered 20 patents and 82 computer software copyrights in the PRC in total (31 March 2018: 37 computer software copyrights), of which 20 patents and 29 computer copyrights were obtained as a result of the Acquisition.

Trade and bill receivables and contract assets

As of 31 March 2019, 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 RMB117,243,000 (31 March 2018: RMB91,132,000). The increase was mainly driven by the growth in revenue, the Group's credit policy and the creditability of its customers were stable as compared with prior years.

Inventories and contract costs

As of 31 March 2019, the carrying amount of inventories and contract costs was approximately RMB11,697,000 (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.

R&D expenditure

The following table sets out the breakdown of the Group's capitalised/R&D expenditure incurred for the year ended 31 March 2019:

	For the year ended 31 March 2019 *RMB'000*	For the year ended 31 March 2018 *RMB'000*
R&D expenditure		
Capitalised	**9,997**	14,580
Charged to profit and loss accounts	**3,063**	1,145
	13,060	15,725

As a technology and innovation driven company, the Group has been consistently investing in R&D activities. For the year ended 31 March 2019, the Group continued to place great efforts in R&D, which was demonstrated by the application/registration of 20 patents and 82 computer software copyrights in the PRC in total (31 March 2018: 37 computer software copyrights), of which 20 patents and 29 computer copyrights were obtained as a result of the Acquisition.

FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2019
(Expressed in Renminbi ("RMB"))

	Note	**2019**	2018
			Note
		RMB'000	*RMB'000*
Revenue	*4*	**115,108**	85,799
Cost of sales		**(77,208)**	(45,631)
Gross profit	*4(b)*	**37,900**	40,168
Other income	*5*	**5,781**	7,094
Selling expenses		**(6,689)**	(4,700)
Administrative and other operating expenses		**(19,921)**	(10,877)
Impairment loss on trade receivables	*6(b)*	**(1,066)**	–
Profit from operations		**16,005**	31,685
Net finance costs		**(214)**	–
– Finance income		**17**	–
– Finance costs		**(231)**	–
Gain on bargain purchase of subsidiaries	*20(d)*	**11,596**	–
Costs incurred in connection with the acquisition of subsidiaries		**(5,309)**	–
Costs incurred in connection with the initial listing of the Company's shares		**–**	(11,157)
Share of losses of an associate		**(241)**	–
Profit before taxation	*6*	**21,837**	20,528
Income tax	*7*	**(1,583)**	(3,806)
Profit for the year attributable to equity shareholders of the Company		**20,254**	16,722
Earnings per share			
Basic/diluted (RMB cents)	*8*	**5.20**	5.71

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. See Note 3.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2019
(Expressed in RMB)

	2019	2018
		Note
	RMB'000	*RMB'000*
Profit for the year	**20,254**	16,722
Other comprehensive income for the year (after tax)		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	**5,539**	(2,958)
Total comprehensive income for the year attributable to equity shareholders of the Company	**25,793**	13,764

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. See Note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2019
(Expressed in RMB)

	Note	**2019** *RMB'000*	2018 *Note* *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**26,108**	785
Intangible assets	*10*	**73,416**	18,153
Interest in an associate		**2,681**	–
Deferred tax assets		**3,106**	–
		105,311	18,938
Current assets			
Inventories and contract costs	*11*	**11,697**	8,036
Contract assets	*12*	**44,235**	–
Trade and bill receivables	*13*	**73,008**	91,132
Prepayments, deposits and other receivables	*14*	**28,520**	10,650
Bank balances and cash		**65,293**	87,409
		222,753	197,227
Current liabilities			
Trade payables	*15*	**9,699**	5,606
Other payables and accruals	*16*	**21,630**	12,579
Bank loans	*17*	**23,839**	–
Income tax payable		**8,633**	6,807
		63,801	24,992
Net current assets		**158,952**	172,235
Total assets less current liabilities		**264,263**	191,173
Non-current liabilities			
Deferred tax liabilities		**2,850**	2,853
Net assets		**261,413**	188,320
Capital and reserves	*19*		
Share capital		**4,141**	3,083
Reserves		**257,272**	185,237
Total equity		**261,413**	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. See Note 3.

NOTES TO THE FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRS

(Expressed in RMB unless otherwise indicated)

1 STATEMENT OF COMPLIANCE

The Group's financial statements to be included in this announcement have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting years reflected in these financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2019 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

3 SIGNIFICANT ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS 15 in relation to presentation of contract assets. Details of the changes in accounting policies are discussed in Note 3(i) for IFRS 9 and Note 3(ii) for IFRS 15.

(i) IFRS 9, *Financial instruments*

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on retained earnings and reserves and the related tax impact at 1 April 2018.

	RMB'000
Retained earnings	
Recognition of additional expected credit losses on:	
– Trade and bill receivables	(5,555)
Related tax	833
Net decrease in retained earnings at 1 April 2018	(4,722)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	IAS 39 carrying amount at 31 March 2018	**Reclassification**	**Remeasurement**	**IFRS 9 carrying amount at 1 April 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets carried at amortised cost				
Trade and bill receivables *(Note (i))*	91,132	(39,888)	(5,555)	45,689

Note:

(i) Trade and bill receivables of RMB39,888,000 were reclassified to contract assets at 1 April 2018 as a result of the initial application of IFRS 15 (see Note 3(ii)).

The measurement categories for all financial liabilities remain the same. The carrying amount for all financial liabilities at 1 April 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. *Credit losses*

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit losses" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including contract assets), trade and bill receivables, deposits and other receivables and cash and cash equivalents).

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with IFRS 9 as at 1 April 2018.

	RMB'000
Loss allowance at 31 March 2018 under IAS 39	–
Additional credit loss recognised at 1 April 2018 on:	
– Trade receivables	5,555
Loss allowance at 1 April 2018 under IFRS 9	5,555

c. *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under IAS 39 and thus may not be comparable with the current period.

– The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of IFRS 9 by the Group).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) IFRS 15, *Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Construction contracts*, which specified the accounting for construction contracts.

IFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The transition to IFRS 15 does not have any material impact on retained earnings and reserves and related tax impact at 1 April 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. *Timing of revenue recognition*

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers, whereas, revenue arising from construction contracts and provision of services was recognised over time.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue from sale of software systems and render of technical services.

b. *Presentation of contract assets and liabilities*

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress was presented in the statement of financial position under "trade and bill receivables".

To reflect these changes in presentation, the group has made the following adjustments at 1 April 2018, as a result of the adoption of IFRS 15: "Gross amounts due from customers for contract work" amounting to RMB39,888,000, which was previously included in trade and bill receivables is now included under contract assets.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of IFRS 15 on 1 April 2018.

The following tables summarise the estimated impact of adoption of IFRS 15 on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under IFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under IAS 18 and IAS 11 if those superseded standards had continued to apply to 2019 instead of IFRS 15. These tables show only those line items impacted by the adoption of IFRS 15:

	Amounts reported in accordance with IFRS 15	**Hypothetical amounts under IASs 18 and 11**	**Estimated impact of adoption of IFRS 15 on 2019**
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position as at 31 March 2019 impacted by the adoption of IFRS 15:			
Contract assets	44,235	–	44,235
Trade and bill receivables	73,008	117,243	(44,235)
Total assets	328,064	328,064	–
Net assets	261,413	261,413	–
Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 31 March 2019 impacted by the adoption of IFRS 15:			
Profit before taxation	21,837	21,837	–
Decrease in trade and bill receivables	11,503	(32,732)	44,235
Increase in contract assets	(44,235)	–	(44,235)

(iii) *IFRIC 22, Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the design, implementation, enhancement and upgrades of software and solutions and the provision of technical services for power grid and distribution companies in the PRC and the sale of hardware. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2019	2018
	RMB'000	*RMB'000*
Sales of software and solutions	**40,943**	51,746
Provision of technical services	**45,775**	20,495
Sales of hardware	**28,390**	13,558
	115,108	85,799

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

	2019	2018
	RMB'000	*RMB'000*
Customer A	**53,741**	13,041
Customer B	**42,517**	63,906

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for revenue from sales of software and solutions, provision of technical services and sales of hardware such that the financial information does not include information about revenue, that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts had an original expected duration of one year or less.

(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 and solutions: 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 years ended 31 March 2019 and 2018. 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 years ended 31 March 2019 and 2018 is set out below.

	2019			
	Application solutions *RMB'000*	**Supporting services** *RMB'000*	**Hardware** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
– Over time	**40,943**	**45,775**	**–**	**86,718**
– Point in time	**–**	**–**	**28,390**	**28,390**
Revenue from external customers and reportable segment revenue	**40,943**	**45,775**	**28,390**	**115,108**
Reportable segment gross profit	**18,260**	**14,714**	**4,926**	**37,900**

	2018			
	Application solutions *RMB'000*	Supporting services *RMB'000*	Hardware *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
– Over time	51,746	20,495	–	72,241
– Point in time	–	–	13,558	13,558
Revenue from external customers and reportable segment revenue	51,746	20,495	13,558	85,799
Reportable segment gross profit	27,659	9,534	2,975	40,168

Note: The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11 (See Note 3).

(ii) Reconciliations of reportable segment results to consolidated profit before taxation

	2019	2018
	RMB'000	*RMB'000*
Segment results	**37,900**	40,168
Other income	**5,781**	7,094
Gain on bargain purchase of subsidiaries	**11,596**	–
Net finance costs	**(214)**	–
Selling expenses	**(6,689)**	(4,700)
Administrative and other operating expenses	**(19,921)**	(10,877)
Impairment loss on trade receivables	**(1,066)**	–
Costs incurred in connection with the acquisition of subsidiaries	**(5,309)**	–
Costs incurred in connection with the initial listing of the Company's shares	**–**	(11,157)
Share of losses of an associate	**(241)**	–
Consolidated profit before taxation	**21,837**	20,528

(iii) 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.

5 OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
Refund of value-added-tax ("VAT") *(Note (i))*	**5,192**	6,901
Others	**589**	193
	5,781	7,094

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.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs#

	2019	2018
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**24,690**	23,493
Contributions to defined contribution retirement scheme	**2,060**	1,874
Equity-settled share-based payment expenses	**132**	–
	26,882	25,367

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

	2019	2018
	RMB'000	*RMB'000*
Gain on bargain purchase of subsidiaries *(Note 20 (a))*	**11,596**	–
Depreciation and amortisation# *(Notes 9 and 10)*	**7,388**	2,695
Impairment loss on trade receivables	**1,066**	–
Operating lease charges in respect of office premises	**1,898**	2,646
Auditors' remuneration:		
– Statutory audit services	**2,560**	64
– Services in connection with the acquisition of subsidiaries	**1,644**	–
– Services in connection with the initial listing of the Company's shares	**–**	2,567
Research and development costs (other than amortisation)	**3,063**	1,145
Cost of inventories sold# *(Note 11)*	**76,391**	44,599

Cost of inventories sold include RMB26,130,000 (2018: RMB20,850,000) 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 6(a) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2019	2018
	RMB'000	*RMB'000*
Current tax – PRC Corporate		
Income Tax		
– Provision for the year	**1,928**	1,371
Deferred Tax		
– Origination and reversal of temporary differences	**(345)**	2,435
	1,583	3,806

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

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**21,837**	20,528
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**6,285**	5,363
Tax effect of non-deductible expenses	**618**	981
Tax effect of non-taxable income	**(1,679)**	–
– Gain on bargain purchase of subsidiaries	**(1,739)**	–
– Share of loss of an associate	**60**	–
Tax effect on bonus deduction of research and development costs *(Note (iv))*	**(2,813)**	–
Effect of tax losses not recognised	**1,603**	–
Tax concessions *(Notes (v) and (vi))*	**(2,301)**	(2,538)
Others	**(130)**	–
Actual tax expense	**1,583**	3,806

Notes:

(i) The subsidiary of the Group incorporated in Hong Kong is subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 March 2019 (2018: 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 subsidiaries of the Group established in the PRC (excluding Hong Kong) is subject to PRC Corporate Income Tax rate of 25% for the year ended 31 March 2019 (2018: 25%).

(iv) According to the relevant tax rules in the PRC, qualified research and development costs, are allowed for bonus deduction for income tax purpose, i.e. an additional 75% of such expenses could be deemed as deductible expenses.

(v) 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 period from 22 December 2016 to 22 December 2019.

(vi) The subsidiary of the Group established in the PRC, namely Aipu Zhicheng, 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 period from 1 December 2016 to 31 November 2019.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based the profit attributable to the equity shareholders of the Company of RMB20,254,000 (2018: RMB16,722,000) and the weighted average of 389,735,906 ordinary shares in issue during the year ended 31 March 2019 (2018: 292,962,411).

The weighted average number of ordinary shares is calculated as follows:

	2019	2018
Number of shares in issue at 1 April	**381,072,000**	11,878
Capitalisation issue	**–**	285,060,122
Shares issued under the public offering	**–**	7,890,411
Issuance of shares for the acquisition of subsidiaries	**10,887,994**	–
Effect of shares repurchased under share award scheme	**(2,224,088)**	–
Weighted average number of shares in issue	**389,735,906**	292,962,411

(b) Diluted earnings per share

The diluted earnings per share for the year ended 31 March 2019 has not taken into account the effect of the outstanding share options, which is anti-dilutive.

9 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles, office equipment and other equipment *RMB'000*	**Lease hold improvement** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost:				
At 1 April 2017	1,067	–	–	1,067
Additions	492	–	–	492
At 31 March 2018	1,559	–	–	1,559
Additions	725	–	47	772
Acquisition of subsidiaries *(Note 20)*	25	25,139	–	25,164
At 31 March 2019	2,309	25,139	47	27,495
Less: Accumulated depreciation:				
At 1 April 2017	468	–	–	468
Charge for the year	306	–	–	306
At 31 March 2018	774	–	–	774
Charge for the year	392	221	–	613
At 31 March 2019	1,166	221	–	1,387
Net book value:				
At 31 March 2019	1,143	24,918	47	26,108
At 31 March 2018	785	–	–	785

The lease hold improvement mainly represents that one of the Group's subsidiary has entered an agreement with Committee on Economy and Informatisation of Mentougou District to obtain the right of use of light poles for 10 years with no consideration. The subsidiary renovated the poles to provide smart city infrastructure service and depreciated using the straight line method over the estimated useful lives.

10 INTANGIBLE ASSETS

	Software and patents *RMB'000*
Cost:	
At 1 April 2017	8,698
Additions	14,580
At 31 March 2018	23,278
Additions	9,997
Acquisition of subsidiaries *(Note 20)*	52,043
At 31 March 2019	85,318
Accumulated amortisation:	
At 1 April 2017	2,736
Charge for the year	2,389
At 31 March 2018	5,125
Charge for the year	6,777
At 31 March 2019	11,902
Net book value:	
At 31 March 2019	73,416
At 31 March 2018	18,153

The amortisation charges are included in "cost of sales" in the consolidated statements of profit or loss.

11 INVENTORIES AND CONTRACT COSTS

	2019	2018
	RMB'000	*RMB'000*
Hardware	**103**	–
Software systems under development	**11,594**	8,036
	11,697	8,036

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

	2019	2018
	RMB'000	*RMB'000*
Cost of inventories sold	**76,391**	44,599

12 CONTRACT ASSETS

	At 31 March 2019	**At 1 April 2018**	**At 31 March 2018**
	RMB'000	***RMB'000***	***RMB'000***
Contract assets			
Arising from performance under contracts with customers	44,235	39,888	–
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and bill receivables" *(Note 13)*	73,008	45,689	–

The amount of contract assets that is expected to be recovered after more than one year is RMB2,502,000 at 31 March 2019 (31 March 2018: RMB1,998,000), all of which relates to retentions.

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. See Note 3.

(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" (see Note 3).

(iii) Upon the adoption of IFRS 15, amounts previously included as "Gross amount due from customers for contract work" under "Trade and bill receivables" (Note 13) were reclassified to "contract assets" (see Note3(ii)).

13 TRADE AND BILL RECEIVABLES

	At 31 March 2019 *RMB'000*	**At 1 April 2018** *RMB'000*	**At 31 March 2018** *RMB'000*
Trade receivables	79,629	49,041	49,041
Bill receivables	–	2,203	2,203
	79,629	51,244	51,244
Gross amount due from customers for contract work	–	–	39,888
Less: loss allowance	6,621	5,555	–
	73,008	45,689	91,132

Notes:

(i) Upon the adoption of IFRS 9, an opening adjustment as at 1 April 2018 was made to recognise additional ECLs on trade and bill receivables (see Note 3(i)).

(ii) Upon the adoption of IFRS 15, gross amount due from customers for contract work is included in contract assets and disclosed in Note 12 (see Note 3(ii)).

(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 loss allowance, of the Group is as follows:

	At 31 March 2019 *RMB'000*	At 31 March 2018 *RMB'000*
Less than 1 year	**63,839**	34,086
1 to 2 years	**2,074**	11,350
2 to 3 years	**7,095**	4,747
Over 3 years	**–**	1,061
	73,008	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.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Amounts due from a third party *(Note (i))*	**6,000**	–
Prepayment for technical service fee	**7,734**	6,505
Staff advances and other deposits	**4,814**	1,834
VAT refundable	**4,781**	954
Prepayment for miscellaneous expenses	**2,911**	828
Others	**2,280**	529
	28,520	10,650

Note: (i) The amount was cash advances to a third party with annual interest rate of 7%, which will be due in October 2019.

15 TRADE PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables to third parties	**9,699**	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:

	2019	2018
	RMB'000	*RMB'000*
Less than 1 year	**8,958**	5,193
1 to 2 years	**328**	–
2 to 3 years	**–**	259
Over 3 years	**413**	154
	9,699	5,606

16 OTHER PAYABLES AND ACCRUALS

	2019	2018
	RMB'000	*RMB'000*
Amounts due to related parties	**9,603**	–
Other taxes payables	**4,191**	3,855
Cash advanced from a third party *(Note (i))*	**3,000**	–
Payables for staff related costs	**2,434**	1,819
Payables for costs incurred in connection with the major acquisition/initial listing of the company's shares	**422**	6,293
Others	**1,980**	612
	21,630	12,579

Note: (i) The cash advance is unsecured and non-interest bearing, repayable in July 2019.

17 BANK LOANS

	2019	2018
	RMB'000	*RMB'000*
Short-term bank loans, secured or guaranteed *(Note (i))*	**23,839**	–

Note (i): As at 31 March 2019,the bank loans of RMB21,939,000 is secured by the restricted cash deposit amounted HKD30,000,000; the remaining balance of bank loans of RMB1,900,000 is guaranteed by the executive director.

18 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) 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 year ended 31 March 2019.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	**Vesting periods**	**Contractual life of options**
Options granted to directors:			
– on 30 July 2018	1,140,000	11 months from the date of grant	41 months
– on 30 July 2018	1,710,000	23 months from the date of grant	41 months
– on 30 July 2018	2,850,000	35 months from the date of grant	41 months
Options granted to employees and advisers to the Group:			
– on 30 July 2018	4,200,000	11 months from the date of grant	41 months
– on 30 July 2018	6,300,000	23 months from the date of grant	41 months
– on 30 July 2018	10,500,000	35 months from the date of grant	41 months
Total share options granted	26,700,000		

Except for share options granted to advisors and independent non-executive Directors, vesting of share options are subject to financial performance of the Group for the years ended 31 March 2019 and 2020, unless the Board waives such condition. At 31 March 2019, the Directors are of the opinion that the vesting conditions in respect of financial performance is unlikely to be met; and the Board had no intention to waive such condition.

(b) **Fair value of share options and assumptions**

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value of share options and assumptions

Fair value at measurement date	HKD 0.28
Exercise price	HKD 0.80
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	44.90%
Option life (expressed as weighted average life used in the modelling under Black-Scholes model)	3.42
Risk-free interest rate (based on Exchange Fund Notes)	1.94%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company do not recommend the payment of a dividend for the years ended 31 March 2019 and 2018.

(b) Share capital

Movements in the Company's issued share capital are as follows:

	Number of shares	Nominal value of ordinary shares *RMB'000*
Ordinary shares, issued and fully paid:		
At 1 April 2017	11,878	–
Capitalisation issue on 5 February 2018	285,060,122	2,306
Shares issued under the public offering	96,000,000	777
At 31 March 2018	381,072,000	3,083
Shares issued for the acquisition of subsidiaries *(Note (i))*	124,191,177	1,058
At 31 March 2019	505,263,177	4,141

Note:

(i) On 28 February 2019, the Company allotted and issued 124,191,177 ordinary shares with par value of HK$0.01 per share to shareholders of Great Attain International Limited ("Great Attain") as consideration of acquisition of Great Progress International Limited ("**Great Progress**"). The fair value of share is HKD0.51, and the excess of the fair value on acquisition date over the nominal value of the shares issued amounted RMB52,925,000 were credited to share premium.

(c) Purchase of own shares under share award scheme

During the year ended 31 March 2019, the Company repurchased 4,556,000 shares under share award scheme on the HKSE. The total amount paid to acquire these shares of RMB2,627,000 was deducted from equity attributable to equity shareholders of the Company.

Month of repurchase	**Number of shares repurchased**	**Price per share Highest**	**Price per share Lowest**	**Aggregate price paid**
		HKD	*HKD*	*RMB'000*
August 2018	1,360,000	0.7473	0.7155	867
September 2018	1,400,000	0.7127	0.7080	871
October 2018	144,000	0.5311	0.5311	69
November 2018	1,652,000	0.5700	0.5300	820
	4,556,000			2,627

(d) Share award scheme

On 24 July 2018, the Company adopted a share award scheme (the "**Scheme**") with a duration of ten years. The aggregate number of the shares underlying all grants made during the term of the Scheme is limited to 3% of the issued share capital of the Company from time to time. The Board will be entitled to make an award to any of the eligible participant such number of issued shares as the Board shall determine pursuant to the Scheme rules. The eligibility of any of the eligible participants to an award shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group. During the year ended 31 March 2019, 4,556,000 shares were repurchased from the market. And no share was granted to any eligible participant.

(e) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	**Exercise price**	**At 31 March 2019 number**
	HKD	
30 June 2019 to 31 December 2021	0.80	5,340,000
30 June 2020 to 31 December 2021	0.80	8,010,000
30 June 2021 to 31 December 2021	0.80	13,350,000
		26,700,000

Each share option entitles the holder to subscribe for one ordinary share in the Company. Further details of these share options are set out in Note 18 to the consolidated financial statements.

20 ACQUISITION OF SUBSIDIARIES

On 28 February 2019, the Group acquired 100% of the shares and voting interests in Great Progress. The consideration was satisfied by allotment and issuance of 124,191,177 ordinary shares of the Company (Note 19(b)).

Great Progress and its subsidiaries (collectively, the "Target Group") are principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of PI Point.

(a) Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	HKD'000	*RMB'000*
Fair Value of equity instruments (124,191,177 ordinary shares)	63,338	53,983
Less: Fair value of total identifiable net assets		65,579
Gain on bargain purchase		(11,596)

The fair value of the ordinary shares issued was based on the listed share price of the Company at 28 February 2019 of HKD 0.51 per share.

(b) Acquisition-related costs

The Group incurred acquisition-related costs of RMB5,309,000 on legal fees and due diligence costs. These costs have been included in 'Costs incurred in connection with the acquisition of subsidiaries'.

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed on 28 February 2019.

	RMB'000
Property, plant and equipment	25,164
Intangible assets	52,043
Interest in associates	2,922
Deferred tax assets	1,931
Non-current assets	82,060
Inventory	212
Trade and bill receivables	1,355
Prepayment and other receivables	1,599
Cash and cash equivalents	481
Current assets	3,647
Trade creditors and bill payables	1,192
Other payables	17,036
Bank loans	1,900
Current liabilities	20,128
Total identifiable net assets acquired	65,579

The fair value of the identifiable assets and liabilities acquired in the acquisition were assessed based on valuation prepared by the directors with reference to the valuation report of external valuer dated 14 January 2019.

(d) Gain on bargain purchase of subsidiaries

Gain on bargain purchase arose from the fair value changes of the consideration shares with reference to the closing prices of the Company between 30 September 2018 and 28 February 2019.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times throughout the year ended 31 March 2019 as required under the Rules Governing the Listing of the Securities on the Stock Exchange (the "**Listing Rules**") of Hong Kong Limited (the "**Stock Exchange**").

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

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 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.

Throughout the year ended 31 March 2019, the Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. In response to specific enquiries made, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 March 2019.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "**AGM**") of the Company will be held on Wednesday, 18 September 2019. Shareholders of the Company should refer to the details regarding the AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2019.

CHANGE OF ADDRESS OF THE COMPANY'S SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

With effect from 11 July 2019, the Company's share registrar and transfer office in Hong Kong will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Company's share registrar and transfer office in Hong Kong will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 September 2019 to Wednesday, 18 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 12 September 2019 (Hong Kong time), being the last registration date.

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 Chairman's Statement and 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.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 199 as at 31 March 2019 (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. For the year ended 31 March 2019, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately RMB35.4 million (2018: RMB29.6 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 year ended 31 March 2019.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities in which it engages. It delivers quality products and services to its customers by managing its businesses prudently, while executing management decisions with due care and attention. The Group demonstrates a strong sense of corporate social responsibility and believes such a commitment helps strengthen its relationship with the community. Operating as a sound corporate citizen through sponsorship and supporting socially-responsible projects at company level, the Group is committed to bringing positive impact to the general welfare of the community.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 March 2019 have been reviewed by the Audit Committee of the Company and audited by the independent auditor of the Company, KPMG, Certified Public Accountants. The unqualified independent auditor's report will be included in the Annual Report to shareholders.

The figures set out in the preliminary announcement of the Group's results 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 for the year ended 31 March 2019 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The auditor of the Company, KPMG, found that the figures set out in the Group's preliminary annual results 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 for the year ended 31 March 2019 contained in this announcement are in agreement with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor for this announcement.

EVENTS AFTER REPORTING PERIOD

Other than as disclosed elsewhere in this announcement, from 1 April 2019 to the date of this announcement, there are no significant events occurred after the reporting period that may affect the Group.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual 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 2019 Annual Report of the Company will be despatched to the Company's shareholders in due course and will also be available at the websites above.

APPRECIATION

The Board would like to present its great appreciation to the management team and employees of the Group who have contributed to the success of the Group and are working towards achieving the Group's visions. Heartfelt gratitude is also expressed to all of 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 Dongbin
Chairman

Beijing, PRC, 21 June 2019

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