OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1933)

INSIDE INFORMATION

BUSINESS UPDATE AND PROFIT WARNING

This announcement is made by OneForce Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

BUSINESS UPDATE

(A) Electric power information technology business

With the strategic plan of the new infrastructure construction in the People's Republic of China ("**PRC**") and the active development of the energy internet by the State Grid Corporation of China ("**SGCC**"), informatisation of the power grids has become the key investment focus among power grid companies in the PRC. This has created substantial business opportunities for the electric power information technology industry in the PRC.

Leveraging on the customer resources accumulated throughout the years among power grid companies as well as products and services with competitive technology, the Group had been actively developing its business in the fields of power internet of things ("**IoT**") and charging piles. Since April 2020 and up to the date of this announcement, the Group had (i) entered into contracts with a subsidiary of NARI Technology Co., Ltd regarding the construction projects of comprehensive energy management system and visualisation system of power distribution IoT; (ii) applied for the qualification from SGCC for the sale of direct-current charging pile* (直流式充電樁) that jointly developed by the Group and the charging pile manufacturer to SGCC.

(B) Smart city IoT business

The Group seized the development opportunities in city management created by the new infrastructure construction initiative in PRC and has taken active steps to develop the smart city IoT business. Since April 2020 and up to the date of this announcement, the Group (i) was awarded the tender for the procurement project of smart city in Tanggu Bay of Tianjin* (天津塘沽灣智慧城市項目) (the "**Tanggu Bay Project**") where the constructor of this project is expected to procure from the Group approximately 500 sets of IoT gateway developed by the Group; (ii) had entered into a contract with the constructor of Tanggu Bay Project regarding the procurement of certain smart hygiene-related devices from the Group; and (iii) had cooperated with one of the branches of Public Security Bureau in Beijing for installation of 300 sets of intelligent monitoring equipment where relevant contract is expected to be entered into between the Group and the said counterparty by June 2020. These projects are expected to be completed at the end of 2020. It is expected that these projects will have a positive impact on the performance of the smart city IoT business of the Group in the future fiscal years.

In addition to the above business update, the Group is also actively developing a number of projects related to power IoT and smart city IoT. Further announcement will be made by the Company on a voluntary basis to keep the shareholders of the Company (the "**Shareholders**") informed if any progress of such projects become materialize.

PROFIT WARNING

The board (the "**Board**") of directors of the Company would like to inform the Shareholders and potential investors that based on the information currently available and the unaudited consolidated management accounts of the Group, it is expected that for the year ended 31 March 2020 (the "**Year**"), the Group is expected to record a revenue in the range of approximately RMB150.0 million to RMB180.0 million, with an increase of approximately 30% to 56% year-on-year; and a net loss in the range of approximately RMB50.0 million to RMB70.0 million, as compared with a net profit of approximately RMB20.2 million for the year ended 31 March 2019 (the "**Previous Year**").

The increase of revenue of the Year is mainly attributable to the continuous growth of the electric power information technology business of the Group, which focused on the business of technical services and sale of hardware. This is contributed by the increasing demand from power grid companies for maintenance and upgrading of their power information systems, as well as for upgrading of the supporting hardware. The growth of the electric power information technology business is attributed to the stable cooperative relationship and the increasingly strengthened customer loyalty accumulated in recent years through engaging in information system development and the provision of relevant services to major power grid companies, as well as the accurate grasp of customer demand and market differentiation so as to provide competitive products to them.

Based on the information currently available to the Board, the expected loss for the Year is mainly attributable to the following reasons:

(i) Impairment loss of fixed assets and intangible assets related to smart city IoT business

The Group completed the acquisition of, among others, Beijing Aipu Zhicheng Internet Technology Company Limited* (北京艾普智城網絡科技有限公司) ("**Aipu Zhicheng**") (the "**Acquisition**") and has commenced the business of smart city IoT since February 2019. As stated in the circular of the Company in relation to the Acquisition dated 15 January 2019 and the voluntary announcement of the Company dated 21 October 2019, Aipu Zhicheng generates revenue for the Group by selling hardware and providing technical services to the smart city IoT projects invested and constructed by Beikong Zhike Energy Internet Company Limited* (北京北控智科能源互聯網有限公司) ("**Beikong Zhike**"), which is an associate of the Group. However, the progress of these projects is closely dependent on the investment schedule of the local governments in infrastructure construction projects. Affected by the continuous downturn of the international and domestic economy since the second half of 2019 and the contraction of social funds caused by the "deleveraging" policy in PRC, and the impact on economy due to the outbreak of COVID-19, infrastructure investment shrunk and local governments became conservative on infrastructure investment. As such, the construction schedule of some existing projects of Beikong Zhike was delayed, while the progress of certain other existing projects was postponed or put on hold due to the changes in cooperation terms of such projects where Beikong Zhike and the Group were still assessing the feasibility of the continuation of such projects from a business perspective. Although the above mentioned new infrastructure construction initiative in the PRC is expected to create future business opportunities in the field of smart city, it does not have an immediate positive impact on the progress of the existing projects of Beikong Zhike in the short term. Due to the above reason, the overall development progress of the existing projects of Beikong Zhike was slower than expected and the revenue of hardware and technical services in related to smart city IoT business of the Group was less than expected.

Considering the impact of above reasons on the future earnings forecast of related assets, the Group has taken a prudent approach and recognised an impairment loss for the fixed assets and intangible assets related to the smart city IoT business of the expected amount ranging from approximately RMB36.0 million to RMB46.0 million for the Year. It is noted that this impairment loss is a non-cash and one-off item charged to the consolidated statement of profit and loss which does not and will not have an impact on the Group's daily operations and cash flow.

(ii) During the Previous Year, there was a gain on bargain purchase in relation to the Acquisition amounted to approximately RMB11.6 million and, after deducting the relevant cost incurred, the net gain recognised in the Previous Year related to the Acquisition amounted to approximately RMB6.3 million. Such gain was absent in the Year.

(iii) As a result of the Acquisition, the amount of the fixed assets and intangible assets of the Group increased significantly. As such, the depreciation of fixed assets and amortisation of intangible assets for the Year increased by an aggregate of approximately RMB17.0 million as compared with the Previous Year.

(iv) The scale of the electric power information technology business of the Group continued to expand during the Year. Based on the expected continuous development of this business stream, the Group expanded the business team and increased the research and development expenditure during the Year. As a result, costs related to human resource and other administrative expenses increased substantially during the Year. However, the progress of certain projects of the Group was adversely affected due to the delay of work resumption of both our staff and customers' staff due to the outbreak of COVID-19 and the revenue recognised during such period was less than expected. As a result, the overall gross profit of the Group is expected to decrease by no more than RMB18.0 million. The progress of such projects had been gradually caught up after work resumption and the relevant revenue is expected to be recognised in the next fiscal year.

(v) Due to fewer number of projects completed during the Year which were eligible for refund of value-added-tax as compared with that in the Previous Year, the relevant tax refund is expected to decrease by approximately 4.0 million to 6.0 million during the Year.

Despite the loss during the Year, the Group has maintained stable business operations and sufficient working capital. The Board is optimistic about the performance of the Group in the coming fiscal year. The Group will continue to focus on research and development of technology and products and talent building and retaining, to enhance the competitiveness of our technology and products and to seize the development opportunities of energy internet and new infrastructure in the PRC in order to create greater value for the Shareholders.

The Company is in the process of finalising the annual results of the Group for the Year. The information contained in this announcement is based only on the preliminary assessment by the Board regarding the information currently available, including the unaudited consolidated management accounts of the Group, and is not based on any figures or information which has been audited or reviewed by the Company's auditors or reviewed by the audit committee of the Company and may be subject to adjustments and changes. Details of the Group's annual results for the Year is expected to be published by 30 June 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
OneForce Holdings Limited
WANG Dongbin
Chairman

Beijing, PRC, 8 May 2020

* *For identification purpose only.*

As at the date of this announcement, the Board 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.