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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 2020

FINANCIAL HIGHLIGHTS

	For the year ended 31 March 2020 *RMB'000*	For the year ended 31 March 2019 *RMB'000*
Revenue	**163,454**	115,108
Gross profit	**23,836**	37,900
Other income	**93**	5,781
Administrative and other operating expenses	**45,366**	19,921
Impairment losses	**39,401**	1,066
Net profit in connection with purchase of subsidiaries	**–**	6,287
(Loss)/profit attributable to shareholders	**(69,168)**	20,254
(Loss)/earnings per share		
– basic and diluted (RMB cents)	**(13.88)**	5.20

For the current year, the Group recorded an increase in revenue of approximately RMB48,346,000 or approximately 42.0% compared with the previous year, with growth concentrating on technical services and product sales business. The Group also recorded a loss attributable to shareholders of approximately RMB69,168,000, which was mainly due to the combined impact of the following factors:

(1) impairment losses from assets related to smart city Internet of Things ("**IoT**"): Due to the delay, suspension or cancellation of certain projects, indicators of impairment of assets related to smart city IoT business were identified, and asset impairment losses of approximately RMB36,036,000 were recognised after performing impairment assessment by the Group during the current year;

(2) notable increase in depreciation and amortisation: The aggregate amount of depreciation and amortisation increased by approximately RMB18,867,000 on a year-on-year basis during the current year, as the acquisition of certain subsidiaries by the Group in the previous year (the "**Acquisition**") contributed a marked increase to the amount of the Group's total intangible assets and fixed assets;

(3) net gain related to the Acquisition in the previous year: The Acquisition generated a gain on bargain purchase of approximately RMB11,596,000, which, after deduction of relevant costs, led to a net gain of approximately RMB6,287,000 for the Acquisition in the previous year; and no such gain was recorded in the current year;

(4) decrease in gross profit: the decrease in gross profit by approximately RMB14,064,000 on a year-on-year basis during the current year, was mainly due to the following reasons:

   (i) as the scale continues to grow for the Group's power information technology business, human resources related costs grew sharply during the current year, which aligned with the expansion of business teams according to expected business expansion; and

   (ii) due to the impact of the COVID-19 epidemic, there was a delay in work resumption of the staff of both the Group and its customers, the progress of some projects was delayed, which resulted in less-than-expected revenue recognised for the period; and

(5) less revenue from refund of value-added tax: Fewer projects completed during the current year were eligible for value-added tax refund as compared with the previous year, which caused a decrease of approximately RMB5,192,000 in revenue from tax refund.

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 results of the Group for the financial year ended 31 March 2020.

As an information technology service provider, the Group is dedicated to its relevant technical research and its application in power information technology and smart city IoT. The Group provides tailor-made software and solutions, technical services and hardware products to various types of energy companies, government and corporate customers.

INDUSTRY AND BUSINESS REVIEW

During the current financial year, the Group was confronted by both opportunities and challenges.

The international economy presents a complex and grim picture where it suffered mounting downward pressure under the COVID-19 epidemic outbreak. Despite more new difficulties and challenges in its development, the Chinese economy maintains positive fundamentals in the long run. In civil year 2019, China recorded a full-year gross domestic product of approximately RMB100 trillion, representing a year-on-year increase of approximately 6.1%, as its economic development model continued to switch from high-speed development to high-quality development.

A Power information technology business

2019 saw stable growth in power demand nationwide. Total power consumption amounted to approximately 7.2 trillion kWh, registering a year-on-year rise of approximately 4.5%. Power grid investment, which had entered its structural adjustment stage, amounted to approximately RMB450 billion for the year, lower than that in 2018 but with more emphasis on IT development in the investment structure, as the number of tendering IT projects grew significantly during the year. From 2019 to the first quarter of 2020, State Grid Corporation of China ("**SGCC**") successively formulated strategic plans for developing ubiquitous power IoT and energy internet, setting out clear strategic objectives for promoting the construction of power grid digitisation infrastructure. Meanwhile, China has evidently picked up its pace in the market reform of the power sector, establishing a power spot market and launching a new power tariff mechanism, which has significantly raised the IT requirements of power grid systems. Boosting IT investment in power grids has also become a necessary means for China in its power market reform. With expedited IT advancement for power grids, IT development for power grids has emerged as a key investment direction for SGCC, as it embraces thriving growth of the Chinese power IT industry.

Leveraging its years of accumulation of customer resources in power grid and power distribution companies and improving customer loyalty, the Group promptly grasped the great opportunity to continuously consolidate and deepen its collaborative relationship with SGCC, Inner Mongolia Power (Group) Co., Ltd* (內蒙古電力集團有限責任公司) ("**IMPG**") and China Southern Power Grid Company Limited ("**CSG**") (collectively, "**Three Major Power Grid Companies**"). The Group worked to expand the geographic presence and intensity of its business, coupled with continuous amplification of research and development ("**R&D**") investment, proactive development of new products, accurate insight into customer demand and market differentiation, to further bolster the overall competitiveness of the Group's power IT business.

During the current financial year, the Group's revenue from the Three Major Power Grid Companies (including their local subsidiaries) amounted to approximately RMB115 million, which represented an approximately 19.6% increase from last year. The business cooperation with the Three Major Power Grid Companies covered core areas of IT development such as the information system upgrade for power grids, development of power exchange platform and integrated energy management.

B Smart city IoT business

In the current financial year, construction of smart cities remained an investment hotspot around China and the rest of the world. As early as in 2016, China set out explicitly in its "13th Five-Year National Plan for Informatisation*" (《「十三五」國家信息化規劃》) that it would attain highly effective construction of smart cities by 2020. During the financial year, China witnessed the constant expansion of its smart cities market, which was led by its acceleration of urbanisation as well as advancement of new technologies such as 5G, big data and artificial intelligence, and stimulated by various favourable policies for new infrastructure development ("**New Infrastructure**"). IoT constitutes the most fundamental element and vital support to the structure of smart cities. Given the maturity of 5G technology, the application of IoT technology and products in smart city has been fully developed, which was a key step in completing the target of constructing smart cities. Under the dual catalysts of favourable policies and technological advancements, the smart city IoT industry has displayed tremendous development potential in China.

Development of the smart city IoT business hinges on specific smart city projects, which are massive, complex and systematic works that involve many aspects of work and span a long period of time. Such projects require a considerable amount of investment and are often subject to limited fiscal budgets from the government. As such, for smart city projects in China, the most common investment model is public-private partnership, with private institutions leading the investment, construction and operation of such projects.

In respect of its smart city IoT business, the Group generates revenue mainly by providing technical services and selling proprietary hardware products in such smart city projects that are developed by its associate Beijing Beikong Zhike Energy Internet Company Limited* (北京北控智科能源互聯網有限公司) ("**Beikong Energy Internet**"). As mentioned above, the progress of smart city projects is closely linked to the pace of infrastructure project investment by local governments. In the second half of 2019, infrastructure investment has been scaled back due to the continued slide of domestic and overseas economy, the impact of shrinking social capital under the domestic "de-leveraging" policy and the economic shock triggered by the COVID-19 outbreak, where the governments and social capital have taken a prudent approach in such investment. As such, the construction schedule of some existing projects of Beikong Energy Internet was delayed or cancelled, while the progress of certain other existing projects was postponed due to the changes in cooperation terms of such projects where Beikong Energy Internet and the Group were still assessing the feasibility of the continuation of such projects from a business perspective. Such affected projects mainly comprise the smart city projects in Mentougou District, Beijing, including the operation project of iPole exclusive concession right and the 2nd Phase IoT construction project* (北京市門頭溝區智慧燈桿特許經營權運營項目及門頭溝智慧城市物聯網建設二期項目) and the project of "Smart Town and Big Data Industrial Park*" in Wuxi (無錫市「智慧小鎮及大數據產業園」項目). Considering the impact of above reasons on the future earnings forecast of related assets, the Group has taken a prudent approach and recognised the impairment losses for the assets related to the smart city IoT business of approximately RMB36,036,000 for the current year. Such asset impairment losses were a non-cash and one-off item charged to the consolidated statement of profit or loss which will not have an impact on the Group's daily operations and cash flow.

OUTLOOK AND PROSPECT

Challenged by macroeconomic downward pressure and the COVID-19 epidemic, the Group is well aware of the importance of stable cash flow in the advent of economic hardship. Hence, it has taken active measures to enhance cash flow management and stay highly alert to the timeliness of repayment from customers, with a greater emphasis on the follow-up measures for customer repayment whilst encouraging its teams to proactively develop markets and business. During the financial year, the Group recovered total accounts receivable of approximately RMB140 million. The total turnover days of accounts receivable and contract assets were approximately 297.9 days, decreasing by approximately 32.5 days compared with last year. In the meantime, the Group maintains sound cooperation with commercial banks to ensure smooth financing channels and safeguard the successful turnover of its cash flow. Irrespective of losses for the current year, the Group sustained its stable business operations and adequate working capital. As such, the Board remains optimistic about the Group's performance in the forthcoming financial year.

In March 2020, SGCC put forward a clear plan for developing energy internet enterprises, setting forth the objective that certain areas and crucial segments and indicators of SGCC shall attain an internationally leading level by 2025, with much enhancement in power grids in terms of intelligence and digitisation. In April 2020, SGCC set out the plan of accelerating the development of ultra-high voltage engineering works, the new energy vehicles charging business and the application of modern information and communication technology as well as enhancing the supporting power works of "New Infrastructure" projects. In May 2020, the Development Report 2020 of Service New Energy issued by SGCC also clarified the vision of accelerating the construction of new energy cloud and building a new energy digital economy platform with Chinese characteristics. Meanwhile, with the transformation of energy structure in China, the ongoing marketisation of electric power transactions, the power transmission and distribution tariff reform and the opening up of incremental distribution networks, SGCC has shifted its investment focus from heavy assets to intelligence, IT and IoT. The power information technology and charging pile industries embrace broader prospects, which will bring even more development opportunities to the Group.

Leveraging its stable cooperation and growing customer loyalty accumulated from providing IT development and service to power grid companies over the years, exceptional technical teams and outstanding software and hardware products, the Group is confident of its ability to expand its scope of business in power information technology. At the same time, the Group is actively working on its charging pile products business. Currently, the Group has obtained product and verification certificates in relation to direct-current charging piles, and is anticipated to work with SGCC on the charging pile business in the near future, thereby capturing the important opportunities from energy internet and New Infrastructure.

Regarding the urban IoT business, smart city construction serves as a crucial direction in China's New Infrastructure policy. In particular, as all walks of life come to even clearer realisation of the importance of smart city management under the COVID-19 epidemic, acceleration of smart city construction has grown into a consensus amongst various social sectors. Meanwhile, China is actively carrying out its proactive fiscal policy and release liquidity, including measures such as raising the limits of special national and local bond issuance as appropriate and lowering corporate financing costs. This will add to the fiscal budget of local governments and social capital for engaging in smart city construction. Accordingly, the Group believes that with more clarity in favourable macroeconomic policies on smart city construction, the Group is bound to achieve breakthrough in its smart city IoT business.

Meanwhile, building smart communities is an important part of building smart cities. At present, many cities in China have delegated the authority and resources needed for building smart cities to their communities. The Group is working with its associate company, Beikong Energy Internet, to continue to promote the existing smart city construction projects, and at the same time actively target community as the entry point of smart city to carry out projects in smart community, intelligent garbage classification and community energy management. Community projects are easier to be implemented because of their small capital needs and short construction cycle, which bring more opportunities for the development of smart city IoT business of the Group.

With the current challenging economic environment, the Group will adhere to the philosophy of seeking progress while maintaining stable performance and strive to enhance the business operation ability and core competitiveness to capture their industry opportunities and promote sustainable and high-quality development of the Group.

WANG Dongbin
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Below sets out a breakdown of the Group's revenue by business segments for the year ended 31 March 2020:

	For the year ended 31 March 2020	For the year ended 31 March 2019
	RMB'000	*RMB'000*
Software and solutions	**16,854**	40,943
Technical services	**98,426**	45,775
Sale of products	**48,174**	28,390
	163,454	115,108

For the year ended 31 March 2020, the Group's revenue increased by approximately RMB48,346,000, mainly representing the growth of its technical services and product sales business, which was due to the combined impact of the following reasons:

(i) the increase in revenue from provision of technical services by approximately RMB52,651,000 as compared to the previous year, which was attributable to the expansion of large-scale projects including the technical support for the uniformed national electricity market of SGCC and the operation and maintenance of the marketing information system of IMPG during the current year. The revenue contributed to the Group from provision of technical services continued to increase as the Group kept intensifying its R&D and market expansion and expanding the type and scope of technical services for customers.

(ii) the increase in revenue from sale of products by approximately RMB19,784,000, as driven by SGCC's policy of developing ubiquitous power IoT and energy internet during the current year, the greater demand for the upgrade of relevant hardware products by major power grid companies and development of new clients, as the Group started working with CSG in late 2018 to provide products for its subsidiaries in various regions in the PRC.

(iii) the decrease in revenue from sale of software and solutions by approximately RMB24,089,000 as compared to the previous year, which was mainly attributable to the change of customer demand. During the current year, with the continuous strengthening of information security management by the customers, instead of purchasing software or solutions directly, more customers prefer to engage the Group to provide localised IT system development service to them, which were considered as provisions of technical services by the Group and in turn resulted in the decrease in revenue from sale of software and solutions during the current year.

Cost of sales and gross profit margin

Below sets out a breakdown of the Group's cost of sales and gross profit margin by business segments for the year ended 31 March 2020:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cost of sales (RMB'000)		
Software and solutions	**11,356**	22,683
Technical services	**85,147**	31,061
Sale of products	**43,115**	23,464
Total	**139,618**	77,208
Gross profit margin		
Software and solutions	**32.6%**	44.6%
Technical services	**13.5%**	32.1%
Sale of products	**10.5%**	17.4%
Average	**14.6%**	32.9%

For the year ended 31 March 2020, the Group's cost of sales grew by approximately RMB62,410,000, whereas the Group's overall gross profit margin fell from approximately 32.9% to approximately 14.6%. Such decrease was mainly because:

(i) as stated above, with the continuous expansion of product and service offerings, the Group continued to expand into new markets and regions. Accordingly, the increase in cost of sales was in line with the relevant growth in sales;

(ii) as the scale of its power information technology business continues to grow, the Group expanded business teams (including engagement of outsourced staff) in advance with the expectation of its continued business expansion during the current year, which led to a surge in the HR-related cost included in costs, nevertheless, the COVID-19 epidemic delayed the work resumption of both the Group's staff and those of its clients, which affected the progress of some project development and resulted in lower-than-expected revenue recognised in both the segment of software and solutions and technical services during the current year; and

(iii) affected by the rising cost of raw materials and logistics, the purchase cost of products increased accordingly, resulting in a decline in gross profit of the segment of sale of products.

Other income

For the year ended 31 March 2020, other income decreased by RMB5,688,000 year on year, which was mainly attributable to the decrease in the refund of value-added-tax as fewer number of projects completed during the current year which were eligible for refund of value-added tax as compared with that in the previous year.

Administrative and other operating expenses

Below sets out a breakdown of the Group's administrative and other operating expenses incurred for the year ended 31 March 2020:

	For the year ended 31 March 2020	For the year ended 31 March 2019
	RMB'000	*RMB'000*
Labour costs	**6,793**	5,879
R&D expenses	**5,254**	3,063
Professional services expenses	**8,927**	6,872
Amortisation of intangible assets	**15,780**	116
Others	**8,612**	3,991
	45,366	19,921

For the year ended 31 March 2020, the Group incurred administrative and other operating expenses of approximately RMB45,366,000 (year ended 31 March 2019: approximately RMB19,921,000). The increase was mainly attributable to:

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

(ii) the Group's continuous efforts to improve its technological strength, with a further increase in initial R&D activity investment in the current year;

(iii) an increase of RMB15,664,000 in total amortisation of intangible assets for the current year due to the increase of intangible assets as a result of the Acquisition in the previous years; and

(iv) increase in expenses in relation to legal and compliance counsels, financial consulting, audit and printing services as incurred by the Company.

Intangible assets

As of 31 March 2020, the net carrying amount of the Group's intangible assets was approximately RMB36,843,000 (31 March 2019: approximately RMB73,416,000). In particular:

(i) due to the cancellation or suspension of certain smart city projects and the lower-than-expected revenue from smart city IoT business, indicator of impairment of relevant intangible assets was identified. An asset impairment loss of RMB22,418,000 was recorded after performing impairment assessment by the Group; and

(ii) as an innovation-driven company, the Group further boosted its commitment to and resources in R&D activities during the current financial year. As of the date of this announcement, the Group's operating subsidiaries have applied for/registered a total of 24 patents and 108 software copyrights in the PRC (31 March 2019: 20 patents and 82 software copyrights).

Property, plant and equipment

As of 31 March 2020, the net carrying amount of the Group's property, plant and equipment was approximately RMB9,782,000 (31 March 2019: approximately RMB26,108,000), representing a year-on-year decline of RMB16,326,000. This was mainly due to the delayed development and lower-than-expected revenue from the smart city operation project of iPole exclusive concession right in Mentougou District, Beijing, as a result of which indicators of impairment of relevant assets were identified. An asset impairment loss of approximately RMB13,618,000 was recorded after performing impairment assessment by the Group.

Trade and bill receivables

As of 31 March 2020, the aggregate net amount of the Group's trade and bill receivables and contract assets was approximately RMB149,550,000 (31 March 2019: approximately RMB117,243,000). The increase was mainly driven by the growth in sales revenue. The Group's credit policy and the creditability of its customers were stable as compared with prior years.

Inventories and other contract costs

As of 31 March 2020, the Group's inventories and other contract costs amounted to approximately RMB9,783,000 (31 March 2019: RMB11,697,000), which mainly consisted of the upfront cost of pipeline projects for the Group's future business development. The decrease of the current year was mainly attributable to the slowdown of development of new projects as well as expected suspension of certain projects, due to the impact of the COVID-19 epidemic, as a result of which less upfront cost was incurred near the end of the current year.

R&D expenditure

Below sets out a breakdown of the Group's capitalised/R&D expenditure charged to profit or loss accounts incurred for the year end 31 March 2020:

	For the year ended 31 March 2020 *RMB'000*	For the year ended 31 March 2019 *RMB'000*
R&D expenditure		
Capitalised	**8,893**	9,997
Charged to profit or loss accounts	**5,254**	3,063
	14,147	13,060

As a technology and innovation driven company, the Group has maintained its focus on investing in R&D activities for a long term. For the year ended 31 March 2020, the Group continued to invest in R&D activities, which was demonstrated by the application for/registration of a total of 4 patents and 26 software copyrights in the PRC by the Group (for the year ended 31 March 2019: 16 software copyrights were applied for/registered by the Group and 20 patents and 29 software copyrights were obtained by the Group as a result of the Acquisition).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2020
*(Expressed in Renminbi ("**RMB**"))*

	Note	2020 RMB'000	2019 Note RMB'000
Revenue	*3*	**163,454**	115,108
Cost of sales		**(139,618)**	(77,208)
Gross profit	*3(b)*	**23,836**	37,900
Other income	*4*	**93**	5,781
Selling expenses		**(7,753)**	(6,689)
Administrative and other operating expenses		**(45,366)**	(19,921)
Impairment loss on non-current assets	*5(b)*	**(36,036)**	–
Impairment loss on trade receivables and contract assets	*5(b)*	**(3,365)**	(1,066)
(Loss)/profit from operations		**(68,591)**	16,005
Net finance income/(costs)		**9**	(214)
– Finance income		**1,060**	17
– Finance costs		**(1,051)**	(231)
Gain on bargain purchase of subsidiaries		**–**	11,596
Costs incurred in connection with the acquisition of subsidiaries		**–**	(5,309)
Share of profits/(losses) of an associate		**725**	(241)
(Loss)/profit before taxation	*5*	**(67,857)**	21,837
Income tax	*6*	**(1,311)**	(1,583)
(Loss)/profit for the year attributable to equity shareholders of the Company		**(69,168)**	20,254
(Loss)/earnings per share			
Basic/diluted (RMB cents)	*7*	**(13.88)**	5.20

Note: The Group has initially applied IFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 1(c).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020
(Expressed in RMB)

	2020	2019
		Note
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(69,168)**	20,254
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	**2,824**	5,539
Total comprehensive income for the year attributable to equity shareholders of the Company	**(66,344)**	25,793

Note: The Group has initially applied IFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 1(c).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2020
(Expressed in RMB)

	Note	2020 RMB'000	2019 Note RMB'000
Non-current assets			
Property, plant and equipment	*8*	**9,782**	26,108
Intangible assets	*9*	**36,843**	73,416
Interest in an associate		**3,406**	2,681
Deferred tax assets		**347**	3,106
		50,378	105,311
Current assets			
Inventories and other contract costs	*10*	**9,783**	11,697
Contract assets	*11*	**34,885**	44,235
Trade and bill receivables	*12*	**114,665**	73,008
Prepayments, deposits and other receivables	*13*	**21,804**	28,520
Bank balances and cash		**31,802**	65,293
		212,939	222,753
Current liabilities			
Trade payables	*14*	**20,321**	9,699
Other payables and accruals	*15*	**26,478**	21,630
Bank loans	*16*	**13,000**	23,839
Income tax payable		**8,553**	8,633
		68,352	63,801
Net current assets		**144,587**	158,952
Total assets less current liabilities		**194,965**	264,263
Non-current liabilities			
Lease liabilities		**139**	–
Deferred tax liabilities		**1,288**	2,850
		1,427	2,850
Net assets		**193,538**	261,413
Capital and reserves			
Share capital		**4,141**	4,141
Reserves		**189,397**	257,272
Total equity		**193,538**	261,413

Note: The Group has initially applied IFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 1(c).

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

(Expressed in RMB unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements included in the annual report 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. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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 1(c) 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2020 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

(c) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (the "**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under IAS 17.

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

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in Note 8.

At the date of transition to IFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.51%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019
	RMB'000
Operating lease commitments at 31 March 2019	2,039
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	2,039
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and total lease liabilities recognised at 1 April 2019	–

The right-of-use assets in relation to leases previously classified as operating leases have not been recognised at 31 March 2019 due to practical expedients. There is no impact on the opening balance of equity.

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement. The adoption of IFRS 16 has no significant impact on the financial results, segment results and cash flow of the Group for the year ended 31 March 2020.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Sources of estimation uncertainty

In the process of applying the Group's accounting policies, management has made the following accounting judgements.

(a) Service contracts

Revenue recognition on an uncompleted service project is dependent on estimating the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the service activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in Note 11 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting year, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(b) Impairment of trade receivables and contract assets

The impairment provisions for trade receivables and contract assets based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimated could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss.

(c) Provision for inventories

Inventories are stated at the lower of cost or net realisable value. Management estimates the net realisable value based on the current market condition and historical experience of similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's net asset value. The Group reviews the carrying amounts of the inventories at each reporting period end date to determine whether the inventories are carried at the lower of cost and net realisable value.

(d) Impairment of property, plant and equipment, and intangible assets

If circumstances indicate that the carrying amount of property, plant and equipment, and intangible asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of property, plant and equipment, and intangible assets. These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable.

When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future years.

(e) Income tax

The Group calculates current taxation based on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting year, and after taking into consideration whether the Group has satisfied the conditions as stipulated in the tax rules and regulations which may result in the Group be able to enjoy certain preferential tax rates and tax allowable deductions. Such preferential tax rates and tax allowable deductions are subject to the approvals by the relevant tax authorities in the following fiscal year. Actual current taxation maybe higher or lower than estimated at the end of the reporting year.

3 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 products. Further details regarding the Group's principal activities are disclosed in Note 3(b).

(i) Disaggregation of revenue

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

	2020	2019
	RMB'000	*RMB'000*
Sale of software and solutions	**16,854**	40,943
Provision of technical services	**98,426**	45,775
Sale of products	**48,174**	28,390
	163,454	115,108

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

	2020	2019
	RMB'000	*RMB'000*
Customer A	**64,485**	53,741
Customer B	**44,516**	42,517

(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 product 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.

– Products: 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 2020 and 2019. 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 2020 and 2019 is set out below.

	2020			
	Application solutions *RMB'000*	**Supporting services** *RMB'000*	**Products** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
– Over time	**16,854**	**98,426**	**–**	**115,280**
– Point in time	**–**	**–**	**48,174**	**48,174**
Revenue from external customers and reportable segment revenue	**16,854**	**98,426**	**48,174**	**163,454**
Reportable segment gross profit	**5,498**	**13,279**	**5,059**	**23,836**

	2019			
	Application solutions *RMB'000*	Supporting services *RMB'000*	Products *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

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

	2020	2019
	RMB'000	*RMB'000*
Segment results	**23,836**	37,900
Other income	**93**	5,781
Gain on bargain purchase of subsidiaries	**–**	11,596
Net finance income/(costs)	**9**	(214)
Selling expenses	**(7,753)**	(6,689)
Administrative and other operating expenses	**(45,366)**	(19,921)
Impairment loss on non-current assets *(Notes 8 and 9)*	**(36,036)**	–
Impairment loss on trade receivables and contract assets	**(3,365)**	(1,066)
Costs incurred in connection with the acquisition of subsidiaries	**–**	(5,309)
Share of profits/(losses) of an associate	**725**	(241)
Consolidated (loss)/profit before taxation	**(67,857)**	21,837

(iii) Geographic information

All 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.

4 OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Refund of value-added-tax ("**VAT**") *(Note (i))*	**–**	5,192
Others	**93**	589
	93	5,781

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 13% (before 1 April 2019: 16%) are entitled to a VAT refund to the extent of the VAT payable in excess of 3% of the self-developed software sold.

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Staff costs#

	2020	2019
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**23,848**	24,690
Contributions to defined contribution retirement scheme	**1,767**	2,060
Equity-settled share-based payment expenses	**144**	132
	25,759	26,882

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 16% 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

	2020	2019
	RMB'000	*RMB'000*
Gain on bargain purchase of subsidiaries	**–**	11,596
Depreciation and amortisation# *(Notes 8 and 9)*	**26,255**	7,388
Impairment loss on property, plant and equipment *(Note 8)*	**13,618**	–
Impairment loss on intangible assets *(Note 9)*	**22,418**	–
Impairment loss on trade receivables and contract assets *(Notes 11 and 12)*	**3,365**	1,066
Operating lease charges in respect of office premises	**1,858**	1,898
Auditors' remuneration:		
– Statutory audit services	**2,654**	2,560
– Services in connection with the acquisition of subsidiaries	**–**	1,644
Research and development costs (other than amortisation)	**5,254**	3,063
Outsourced labour cost#	**75,063**	22,132
Cost of inventories sold# *(Note 10)*	**139,226**	76,391

\# Cost of inventories sold include a total of RMB96,576,000 (2019: RMB48,262,000) relating to staff costs, outsourced labour cost, and depreciation and amortisation, which amounts are also included in the respective total amounts disclosed separately above or in Note 5 for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2020	2019
	RMB'000	*RMB'000*
Current tax – PRC Corporate		
Income Tax		
– Provision for the year	**114**	1,928
Deferred Tax		
– Origination and reversal of temporary differences	**1,197**	(345)
	1,311	1,583

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

	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(67,857)**	21,837
Expected tax on (loss)/profit before taxation, calculated at the rates applicable in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**(16,225)**	6,285
Tax effect of non-deductible expenses	**819**	618
Tax effect of non-taxable income	**(181)**	(1,679)
– Gain on bargain purchase of subsidiaries	**–**	(1,739)
– Share of (profits)/losses of an associate	**(181)**	60
Tax effect on bonus deduction of research and development costs *(Note (iv))*	**(1,451)**	(2,813)
Effect of tax losses not recognised	**9,995**	1,603
Write off deferred tax assets	**2,113**	–
Tax concessions *(Notes (v) and (vi))*	**6,241**	(2,301)
Others	**–**	(130)
Actual tax expense	**1,311**	1,583

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 2020 (2019: 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) are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 March 2020 (2019: 25%).

(iv) According to the relevant tax rules in the PRC, qualified research and development expenditures, are allowed for bonus deduction for income tax purpose, i.e. an additional 75% of such expenditures is deemed to be 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. At 15 October 2019 management renewed the certification and extended the period to 14 October 2022.

(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 December 2019. At 15 October 2019 management renewed the certification and extended the period to 14 October 2022.

7 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

The calculation of basic losses per share is based the losses attributable to the equity shareholders of the Company of RMB69,168,000 (2019: profit of RMB20,254,000) and the weighted average of 498,251,319 ordinary shares in issue during the year ended 31 March 2020 (2019: 389,735,906).

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

	2020	2019
Number of shares in issue at 1 April	**505,263,177**	381,072,000
Issuance of shares for the acquisition of subsidiaries	**–**	10,887,994
Effect of shares repurchased	**(7,011,858)**	(2,224,088)
Weighted average number of shares in issue	**498,251,319**	389,735,906

(b) Diluted (losses)/earnings per share

The diluted (losses)/earnings per share for the year ended 31 March 2020 has not taken into account the effect of the outstanding share options, which is anti-dilutive.

8 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles, office equipment and other equipment *RMB'000*	Leasehold improvement *RMB'000*	Construction in progress *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
Cost:					
At 1 April 2018	1,559	–	–	–	1,559
Additions	725	–	47	–	772
Acquisition of subsidiaries	25	25,139	–	–	25,164
At 31 March 2019	2,309	25,139	47	–	27,495
Additions	95	–	–	451	546
Transferred out from construction in progress	–	–	(47)	–	(47)
At 31 March 2020	2,404	25,139	–	451	27,994
Less: Accumulated depreciation:					
At 1 April 2018	774	–	–	–	774
Charge for the year	392	221	–	–	613
At 31 March 2019	1,166	221	–	–	1,387
Charge for the year	450	2,646	–	111	3,207
At 31 March 2020	1,616	2,867	–	111	4,594
Less: Impairment loss:					
At 1 April 2018 and 31 March 2019	–	–	–	–	–
Impairment charge	–	13,618	–	–	13,618
At 31 March 2020	–	13,618	–	–	13,618
Net book value:					
At 31 March 2020	788	8,654	–	340	9,782
At 31 March 2019	1,143	24,918	47	–	26,108

The leasehold improvement mainly represents that one of the Group's subsidiary has entered into 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.

For the year ended 31 March 2020, due to deferral or cancellation of development plan in relation to infrastructure service of renovated light poles, the Group identified indicator of impairment for leasehold improvement to light poles of the Group's subsidiary. Management has performed an impairment assessment of the Cash Generating Units ("**CGU**") of leasehold improvement based on the prevailing circumstances, and determined the recoverable amount of the CGU of leasehold improvement by using discounted cash flow techniques. Discount rate of 22.35% was adopted in the value in use model in the determination of recoverable amount for the leasehold improvement. Based on the impairment assessment, impairment loss of RMB13,618,000 was identified and allocated to the leasehold improvement.

9 INTANGIBLE ASSETS

	Software and patents *RMB'000*
Cost:	
At 1 April 2018	23,278
Additions	9,997
Acquisition of subsidiaries	52,043
At 31 March 2019	85,318
Additions	8,893
At 31 March 2020	94,211
Less: Accumulated amortisation:	
At 1 April 2018	5,125
Charge for the year	6,777
At 31 March 2019	11,902
Charge for the year	23,048
At 31 March 2020	34,950
Less: Impairment losses:	
At 1 April 2018 and 31 March 2019	–
Charge for the year	22,418
At 31 March 2020	22,418
Net book value:	
At 31 March 2020	36,843
At 31 March 2019	73,416

For the year ended 31 March 2020, due to constrain of infrastructure investment, the development of smart city IoT projects were either cancelled or suspended, the Group identified indicator of impairment for intangible assets of the Group's subsidiary. Management has performed an impairment assessment of intangible assets based on the prevailing circumstances, and determined the recoverable amount of the intangible assets by using discounted cash flow techniques. Discount rate of 32.34% was adopted in the value in use model in the determination of recoverable amount for the intangible assets. Based on the impairment assessment, impairment loss of RMB22,418,000 was identified and allocated to reduce the carrying amount of the intangible assets.

The amortisation charges are included in "cost of sales" and "administrative and other operating expenses" in the consolidated statements of profit or loss.

10 INVENTORIES AND OTHER CONTRACT COSTS

	2020	2019
	RMB'000	*RMB'000*
Products	**327**	103
Software systems under development	**9,456**	11,594
	9,783	11,697

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

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories sold	**139,226**	76,391
Write-down of inventories	**3,213**	–
	142,439	76,391

11 CONTRACT ASSETS

	2020	2019
	RMB'000	*RMB'000*
Arising from performance under contracts with customers	**35,931**	44,235
Less: loss allowance	**1,046**	–
	34,885	44,235

The amount of contract assets that is expected to be recovered after more than one year is RMB3,199,000 at 31 March 2020 (31 March 2019: RMB2,502,000), all of which relates to retentions.

12 TRADE AND BILL RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**122,930**	79,629
Bill receivables	**675**	–
	123,605	79,629
Less: loss allowance	**8,940**	6,621
	114,665	73,008

(a) Ageing analysis

The ageing analysis of trade and bill receivables, based on the invoice date and net of loss allowance, of the Group is as follows:

	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**102,034**	63,839
1 to 2 years	**12,234**	2,074
2 to 3 years	**95**	7,095
Over 3 years	**302**	–
	114,665	73,008

The Group generally requires customers to settle progress billings and retention receivables in accordance with contracted terms. Credit terms of 90-120 days may be granted to certain customers for progress billings.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Amounts due from related parties	**38**	–
Amounts due from third parties *(Note (i))*	**6,000**	6,000
Prepayment for technical service fee	**731**	7,734
Staff advances and other deposits	**6,479**	4,814
VAT refundable	**2,765**	4,781
Prepayment for miscellaneous expenses	**3,256**	2,911
Others	**2,535**	2,280
	21,804	28,520

Note:

(i) As at 31 March, the amount was loan granted to a third party with annual interest rate of 7%, which will be due in October 2020.

14 TRADE PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables to third parties	**20,321**	9,699

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:

	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**17,833**	8,958
1 to 2 years	**1,976**	328
2 to 3 years	**212**	–
Over 3 years	**300**	413
	20,321	9,699

15 OTHER PAYABLES AND ACCRUALS

	2020	2019
	RMB'000	*RMB'000*
Amounts due to related parties	**9,559**	9,603
Other taxes payables	**5,957**	4,191
Cash advanced from a third party *(Note (i))*	**1,000**	3,000
Payables for staff related costs	**4,117**	2,434
Payables for costs incurred in connection with the major acquisition/initial listing of the company's shares	**95**	422
Lease liability (within 1 year)	**205**	–
Others	**5,545**	1,980
	26,478	21,630

Note:

(i) The cash advanced from a third party is unsecured and non-interest bearing, and will be repaid in April 2020.

16 BANK LOANS

	2020	2019
	RMB'000	*RMB'000*
Short-term bank loans, secured *(Note (i))*	**9,000**	23,839
Short-term bank loans, unsecured	**4,000**	–
	13,000	23,839

Note:

(i) As at 31 March 2020, the bank loan RMB4,000,000 is guaranteed by the Beijing Haidian Sci-tech Enterprises Financing Guarantee Co., Ltd; and bank loan of RMB5,000,000 is jointly guaranteed by the executive director and director's spouse and Beijing Capital Financing Guarantee Co., Ltd. (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.)

17 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% vested 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 2020.

(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 of the Group, vesting of share options are subject to financial performance of the Group for the years ended 31 March 2019 and 2020, unless the board of directors of the Company waive such condition. At 31 March 2020, the vesting conditions in respect of financial performance have not been met; and the board of directors of the Company 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	HKD0.28
Exercise price	HKD0.80
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.

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 2020 as required under the Listing Rules of Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

During the year ended 31 March 2020, the Company had completed the buy-back of 1,336,000 ordinary shares of the Company on the Stock Exchange. As at the date of this announcement, all the aforesaid share of the Company bought back had been cancelled. The details of the aforesaid buy-back of the shares of the Company are as follows:

Month of buy-back	**Number of shares bought back**	**Highest price**	**Lowest price**	**Approximate aggregate purchase price**
		HK$	*HK$*	*HK$*
October 2019	52,000	0.510	0.495	26,406
December 2019	116,000	0.490	0.480	56,500
January 2020	20,000	0.485	0.475	9,640
March 2020	1,148,000	0.370	0.330	402,360
Total	1,336,000			494,906

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2020.

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 2020, the Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE OF 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 of 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 2020.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "**AGM**") of the Company will be held on Wednesday, 16 September 2020. 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 a final dividend for the year ended 31 March 2020 (2019: Nil).

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, 11 September 2020 to Wednesday, 16 September 2020, 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, 10 September 2020 (Hong Kong time), being the last registration date.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was approximately 115 as at 31 March 2020 (31 March 2019: 199). 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 2020, the Group's total expenditure for employee benefit (including directors' emoluments) amounted to approximately RMB31.8 million (2019: RMB35.4 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 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities with 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 2020 have been reviewed by the audit committee of the Company and audited by the independent auditor of the Company, KPMG, a Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance. 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, consolidated statement of profit or loss and other comprehensive income and the related notes for the year ended 31 March 2020 have been compared by the Company's auditor, KPMG, a Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance, 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, consolidated statement of profit or loss and other comprehensive income and the related notes for the year ended 31 March 2020 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 2020 to the date of this announcement, there are no significant events occurred 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 2020 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, 19 June 2020

* *For identification purpose only*

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.