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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September 2020 RMB'000	For the six months ended 30 September 2019 RMB'000
Revenue	107,102	91,332
Gross profit	24,972	30,733
Profit attributable to shareholders	3,133	1,814
Earnings per share		
– basic and diluted (RMB cents)	0.63	0.36

- Revenue: During the six months ended 30 September 2020 (the “**Reporting Period**”), the Group recorded an increase in revenue by approximately RMB15,770,000 or 17.3% as compared with the same period of last year, with growth concentrating on technical services business, which was mainly attributable to the Group’s continuous dedications in its R&D and market expansion and continuously expanding the type and scope of technical services for customers.
- Gross profit: During the Reporting Period, the gross profit of the Group decreased by approximately RMB5,761,000 as compared with the same period of last year, and the overall gross profit margin fell from approximately 33.6% to approximately 23.3%, mainly because: i) in order to improve service quality and meet market requirements, more customers are equipped with a dedicated technical service team, which increased the outsourced labour cost and ii) the increase in purchase cost of products resulted from the rising cost of raw materials and logistics.
- Profit attributable to shareholders: During the Reporting Period, the profit attributable to shareholders of the Group achieved a year-on-year increase of approximately RMB1,319,000, which is mainly attributable to the combined effect of the following: the decrease in gross profit by approximately RMB5,761,000, while the administrative

expenses and impairment losses on trade receivables and contract assets decreased during the period as compared with the same period of last year, which resulted from: i) the decrease of depreciation and amortisation by approximately RMB5,093,000, ii) the decrease of impairment loss on trade receivables and contract assets by approximately RMB2,668,000, and iii) the decrease of impairment loss of inventories and contract costs by approximately RMB1,339,000.

- Earnings per share – basic and diluted: Based on the reasons above, our basic and diluted earnings per share increased accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of OneForce Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to present the interim results (the “**Interim Results**”) of the Group for the Reporting Period.

INDUSTRY REVIEW

At the beginning of 2020, State Grid Corporation of China (“**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 and at the same time pushing forward the plan of accelerating the development of ultra-high voltage engineering projects, new energy vehicles charging business and application of modern information and communication technology as well as enhancing the supporting power construction of new infrastructure projects.

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 explicitly shifted its investment focus from heavy assets to intelligence, IT and IoT. The power information technology industry embraces broader prospects, which will bring even more development opportunities to the Group.

The continued urbanisation process and the application of 5G technology continue to lead the development of the smart city industry in China. In particular, as all walks of life come to an 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. Given the maturity of 5G technology, the application of IoT technology and products in smart cities has been fully developed, which are key steps in completing the target of constructing smart cities. Under the support of market demand and favourable policies, the market scale of smart cities has been expanding.

The above development status of the power information technology industry and the smart city IoT industry all indicate that the industries where the Group operates in are booming. In particular, with the support of China’s new infrastructure policy and proactive fiscal policy, more development opportunities will be ushered in.

BUSINESS REVIEW

As an information technology service provider, the Group is dedicated to technical research and development (“R&D”) and products application of energy internet and smart city IoT, providing customers in industries such as electric power, smart city and industrial park with software and hardware products, information technology services and integrated solutions in relation to IoT.

The strategic deployment of SGCC to build energy internet has stimulated the demand of power grid companies at all levels for software and hardware in relation to IoT. Leveraging on the customer resources accumulated through years in power grid and power distribution companies as well as products and services with leading technology, the Group promptly grasped the great opportunity for development to continuously consolidate and deepen the cooperation with SGCC and Inner Mongolia Power (Group) Co., Ltd.* (內蒙古電力(集團)有限責任公司) (“**IMPG Group**”), and developed in-depth cooperation with subsidiaries of China Southern Power Grid Company Limited (“**CSG**”) in several regions, which further consolidated the basis for the sustainable development of the business of the Group.

Meanwhile, the Group’s business of smart city IoT has been carried out smoothly. During the Reporting Period, breakthrough has been made in several smart city projects, including the smart lampposts monitoring and mounting project in Mentougou District, Beijing* (北京門頭溝區智慧燈桿監控掛載項目), the smart city project in Tanggu Bay of Tianjin* (天津塘沽灣智慧城市項目) and the smart garbage classification project in Licheng District, Jinan* (濟南歷城區智能垃圾分類項目).

While taking the initiative in expanding business, the Group also valued the importance of investment in technology R&D and talent training to ensure competitiveness of the Group’s products and services. The Group continued to optimise its internal organisation structure and mechanism by providing staff with sound promotion system and talent incentive mechanism including share option and share award, so as to ensure the stability and enhancement of the core technical team.

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. 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.

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. With more clarity in macroeconomic policies which are favourable to smart city construction, the Group is bound to achieve better development in its smart city IoT business.

* For identification purpose only

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 operation capability and core competitiveness to capture their industry opportunities and promote sustainable and high-quality development of the Group.

FINANCIAL REVIEW

Revenue

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

	For the six months ended 30 September 2020 RMB'000	For the six months ended 30 September 2019 RMB'000
Software and solutions	18,887	15,974
Technical services	59,459	47,459
Sale of products	28,756	27,899
	107,102	91,332

During the Reporting Period, the Group's revenue increased by approximately RMB15,770,000, which is mainly due to the combination of the following:

- (i) the year-on-year increase in revenue from sale of software and solutions by approximately RMB2,913,000, which was mainly contributed by several large-scale projects relating to IT development for clients including IMPG Group and NARI Technology Co., Ltd. ("NARI") gained by the Group during 2020. The projects had gradually been put into implementation and generated revenue during the Reporting Period; and
- (ii) the increase in revenue from provision of technical services by approximately RMB12,000,000, which was attributable to the continuous increase in the contribution to the development of the Group from provision of technical services owing to the continuous intensification of R&D and market expansion and the continuous efforts to enlarge the type and scope of technical services for 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 during the Reporting Period:

	For the six months ended 30 September 2020	For the six months ended 30 September 2019
Cost of sales (RMB'000)		
Software and solutions	12,522	9,907
Technical services	45,484	34,832
Sale of products	24,124	15,860
	82,130	60,599
Gross profit margin (%)		
Software and solutions	33.7%	38.0%
Technical services	23.5%	26.6%
Sale of products	16.1%	43.2%
	23.3%	33.6%

During the Reporting Period, year-on-year increase in cost of sales of the Group was approximately RMB21,531,000, which was driven by the growth in revenue. Meanwhile, the Group's overall gross profit margin decreased from approximately 33.6% to 23.3%, mainly because: i) in order to improve service quality and meet market requirements, more customers are equipped with a dedicated technical service team, which increased the outsourced labour cost and ii) the increase in purchase cost of products resulted from the rising cost of raw materials and logistics.

Intangible assets and property, plant and equipment ("PP&E")

As of 30 September 2020, the carrying amount of intangible assets was approximately RMB31,135,000 (31 March 2020: approximately RMB36,843,000). The carrying amount of PP&E was approximately RMB9,635,000 (31 March 2020: approximately RMB9,782,000).

Trade receivables and contract assets

As of 30 September 2020, the carrying amount of trade receivables and contract assets amounted to approximately RMB171,966,000 (31 March 2020: approximately RMB149,550,000). 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 other contract costs

As of 30 September 2020, the carrying amount of inventories and other contract cost was approximately RMB8,330,000 (31 March 2020: approximately RMB9,783,000). The decrease was mainly due to the Group's greater emphasis on the management of pipeline projects and the control of inventory turnover risk by controlling the incurring of upfront cost.

R&D expenditure

The following table sets out the breakdown of the Group's capitalised/R&D expenditure charged to profit or loss accounts during the Reporting Period:

	For the six months ended 30 September 2020 RMB'000	For the six months ended 30 September 2019 RMB'000
R&D expenditure		
Capitalised	952	5,434
Charged to profit or loss accounts	2,320	925
	3,272	6,359

As a technology and innovation driven company, the Group has maintained its focus on investing in R&D activities. During the Reporting Period, less R&D expenditure was incurred due to the slowdown of the R&D projects which were affected by the COVID-19 epidemic.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had net current assets amounting to approximately RMB152,797,000 (31 March 2020: approximately RMB144,587,000), including bank balances and cash of approximately RMB43,191,000 (31 March 2020: approximately RMB31,802,000). The Group's current ratio (as calculated by current assets divided by current liabilities) was 2.60 times (31 March 2020: 3.12 times). The liability with interest was short-term bank loans and amounted to approximately RMB27,800,000 (31 March 2020: approximately RMB13,000,000), representing 14.2% of net assets (31 March 2020: 6.7%). The Group's liquidity and financial position remain stable.

SIGNIFICANT INVESTMENT HELD, SUBSTANTIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER ISSUES

During the Reporting Period and up to the date of this announcement, the Group did not hold any significant investment and had no substantial acquisition and disposal of assets and merger issues.

CAPITAL STRUCTURE

The share capital of the Company only comprises of ordinary shares. As at 30 September 2020, the Company had 503,927,177 shares in issue.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2020 (31 March 2020: none).

TREASURY MANAGEMENT

For the six months ended 30 September 2020, there had been no material change in the Group's funding and treasury policies. The Group has a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

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

PLEDGE OF ASSETS

As at 30 September 2020, a total of approximately HK\$11,500,000 has been charged as security for bank borrowings of the Group (31 March 2020: nil).

As at 30 September 2020, the Group had no property, plant and equipment that was held under finance leases (31 March 2020: none).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 September 2020 – unaudited**(Expressed in Renminbi (“RMB”))*

		Six months ended	
		30 September	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	107,102	91,332
Cost of sales		<u>(82,130)</u>	<u>(60,599)</u>
Gross profit	3(b)	24,972	30,733
Other income		29	164
Selling expenses		(3,762)	(3,156)
Administrative and other operating expenses		(15,164)	(20,635)
Impairment losses on trade receivables and contract assets		<u>(1,974)</u>	<u>(4,642)</u>
Profit from operations	4	4,101	2,464
Net finance (costs)/income		(211)	172
– Finance income		242	902
– Finance costs		(453)	(730)
Share of profits of an associate		<u>22</u>	<u>1</u>
Profit before taxation	4	3,912	2,637
Income tax	5	<u>(779)</u>	<u>(823)</u>
Profit for the period attributable to equity shareholders of the Company		<u>3,133</u>	<u>1,814</u>
Earnings per share	6		
Basic/diluted (RMB cents)		<u>0.63</u>	<u>0.36</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2020 – unaudited

(Expressed in RMB)

	Six months ended	
	30 September	
	2020	2019
	RMB'000	RMB'000
Profit for the period	3,133	1,814
Other comprehensive income for the period (after tax)		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements into presentation currency	(577)	2,615
Total comprehensive income for the period attributable to equity shareholders of the Company	2,556	4,429

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020 – unaudited

(Expressed in RMB)

		At 30 September 2020 RMB'000	At 31 March 2020 RMB'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		9,635	9,782
Intangible assets		31,135	36,843
Interest in an associate		3,428	3,406
Deferred tax assets		245	347
		<u>44,443</u>	<u>50,378</u>
Current assets			
Inventories and other contract costs	7	8,330	9,783
Contract assets	8	51,856	34,885
Trade receivables	9	120,110	114,665
Prepayments, deposits and other receivables		24,714	21,804
Bank balances and cash		43,191	31,802
		<u>248,201</u>	<u>212,939</u>
Current liabilities			
Trade payables	10	28,806	20,321
Other payables and accruals	11	28,791	26,478
Bank loans		27,800	13,000
Income tax payable		10,007	8,553
		<u>95,404</u>	<u>68,352</u>
Net current assets		<u>152,797</u>	<u>144,587</u>
Total assets less current liabilities		197,240	194,965
Non-current liabilities			
Lease liabilities		400	139
Deferred tax liabilities		510	1,288
		<u>910</u>	<u>1,427</u>
Net assets		196,330	193,538
Capital and reserves			
Share capital	12	4,130	4,141
Reserves		192,200	189,397
Total equity		196,330	193,538

NOTES

(Expressed in RMB unless otherwise indicated)

1. BASIS OF PREPARATION

The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 25 November 2020.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2020, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2021. Details of any changes in accounting policies are set out in Note 2.

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

The interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 March 2020. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the board of directors is included in the interim report.

The financial information relating to the financial year ended 31 March 2020 that is included in the interim financial information as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. The consolidated financial statements for the year ended 31 March 2020 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 19 June 2020.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IAS 1 and IAS 8, *Definition of Material*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IFRS 16, *COVID-19-Related Rent Concessions*

None of these 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to IFRS 16, *COVID-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Software and solutions	18,887	15,974
Technical services	59,459	47,459
Sale of products	28,756	27,899
	<u>107,102</u>	<u>91,332</u>

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

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Customer A	41,123	37,070
Customer B	25,690	28,564
Customer C	15,293	less than 10%

(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:

- Application solutions: this segment engages in the design, implementation, enhancement and upgrades of software systems for power grid and distribution companies.
- Supporting 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 six months ended 30 September 2020 (six months ended 30 September 2019: Nil). 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 period is set out below.

	Six months ended 30 September 2020			
	Application solutions RMB'000	Supporting services RMB'000	Products RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
– Over time	18,887	59,459	–	78,346
– Point in time	–	–	28,756	28,756
Revenue from external customers and reportable segment revenue	<u>18,887</u>	<u>59,459</u>	<u>28,756</u>	<u>107,102</u>
Reportable segment gross profit	<u>6,365</u>	<u>13,975</u>	<u>4,632</u>	<u>24,972</u>
	Six months ended 30 September 2019			
	Application solutions RMB'000	Supporting services RMB'000	Products RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
– Over time	15,974	47,459	–	63,433
– Point in time	–	–	27,899	27,899
Revenue from external customers and reportable segment revenue	<u>15,974</u>	<u>47,459</u>	<u>27,899</u>	<u>91,332</u>
Reportable segment gross profit	<u>6,067</u>	<u>12,627</u>	<u>12,039</u>	<u>30,733</u>

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

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Segment results	24,972	30,733
Other income	29	164
Net finance (costs)/income	(211)	172
Selling expenses	(3,762)	(3,156)
Administrative and other operating expenses	(15,164)	(20,635)
Impairment loss on trade receivables and contract assets	(1,974)	(4,642)
Share of profits of an associate	22	1
Consolidated profit before taxation	<u>3,912</u>	<u>2,637</u>

(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.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) **Staff costs[#]**

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	15,064	10,981
Contributions to defined contribution retirement scheme	–	969
Equity-settled share-based payment expenses	48	81
	<u>15,112</u>	<u>12,031</u>

The employees of the subsidiaries 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 these subsidiaries are required to contribute to the scheme at a rate of 16% of the employees' basic salaries. Employees of these subsidiaries 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.

Pursuant to RenShebufa [2020] No.11 and No.49 Notice on the periodic reduction and exemption of corporate social insurance premiums (關於階段性減免企業社會保險費的通知) from February 2020 to December 2020, the subsidiaries of the Group established in Mainland China, as middle size companies, defined by *Classified statistics of large, medium, small and micro enterprises (2017)* issued by National Bureau of Statistics was entitled to a exemption of contributions to defined contribution retirement plan during the interim period.

(b) Other items

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Depreciation and amortisation [#]	7,544	12,637
Impairment loss on trade receivables and contract assets	1,974	4,642
Impairment loss of inventories and other contract costs	137	1,476
Operating lease charges in respect of office premises	1,250	1,083
Research and development costs (other than amortisation)	2,320	925
Outsourced labour cost [#]	43,263	30,622
Cost of inventories sold [#] (Note 7)	81,791	60,465

[#] Cost of inventories sold include RMB59,159,000 (six months ended 30 September 2019: RMB41,820,000) relating to staff costs, outsourced labor cost, and depreciation and amortisation, respectively, which amounts are also included in the respective total amounts disclosed separately above or in Note 4(a) for each of these types of expenses.

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Current tax – PRC Corporate		
Income Tax		
– Provision for the period	1,455	3,482
Deferred Tax		
– Origination and reversal of temporary differences	(676)	(2,659)
	<u>779</u>	<u>823</u>

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

	Six months ended 30 September	
	2020 RMB'000	2019 RMB'000
Profit before taxation	<u>3,912</u>	<u>2,637</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i), (ii) and (iii))	1,272	909
Tax effect of non-deductible expenses	438	257
Tax effect of non-taxable income	(5)	–
Tax effect on bonus deduction of research and development costs (Note (iv))	(1,062)	(222)
Effect of tax losses not recognised	571	486
Tax concessions (Notes (v) and (vi))	(435)	(607)
Actual tax expense	<u>779</u>	<u>823</u>

Notes:

- (i) The subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 September 2020 (six months ended 30 September 2019: 16.5%).
- (ii) The Company and the subsidiaries of the Group incorporated outside of the PRC 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 Mainland China are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 September 2020 (six months ended 30 September 2019: 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 15 October 2019 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 15 October 2019 to 14 October 2022.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earning per share for the six months ended 30 September 2020 is based on the profit attributable to the equity shareholders of the Company of RMB3,133,000 (six months ended 30 September 2019: RMB1,814,000) and the weighted average of 495,415,177 (six months ended 30 September 2019: 499,860,816) ordinary shares in issue during the six months ended 30 September 2020.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil) has not taken into account the effect of the outstanding share options, which is anti-dilutive.

7 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 September 2020 <i>RMB'000</i>	At 31 March 2020 <i>RMB'000</i>
Products	567	327
Software systems under development	7,763	9,456
	<u>8,330</u>	<u>9,783</u>

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

	Six months ended 30 September	
	2020	2019
	RMB'000	RMB'000
Cost of inventories sold	81,791	60,465
Write-down of inventories and the contract costs	137	1,476
	81,928	61,941
8 CONTRACT ASSETS		
	At	At
	30 September	31 March
	2020	2020
	RMB'000	RMB'000
Arising from performance under contracts with customers	53,404	35,931
Less: loss allowance	1,548	1,046
	51,856	34,885
9 TRADE RECEIVABLES		
	At	At
	30 September	31 March
	2020	2020
	RMB'000	RMB'000
Trade receivables	127,522	122,930
Bill receivables	3,000	675
	130,522	123,605
Less: loss allowance	10,412	8,940
	120,110	114,665

(a) Ageing analysis

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

	At	At
	30 September	31 March
	2020	2020
	RMB'000	RMB'000
Less than 1 year	104,849	102,034
1 to 2 years	13,760	12,234
2 to 3 years	1,328	95
Over 3 years	173	302
	120,110	114,665

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.

(b) Impairment of trade receivables

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

10 TRADE PAYABLES

	At 30 September 2020 <i>RMB'000</i>	At 31 March 2020 <i>RMB'000</i>
Trade payables to third parties	28,806	20,321

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

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

	At 30 September 2020 <i>RMB'000</i>	At 31 March 2020 <i>RMB'000</i>
Less than 1 year	27,028	17,833
1 to 2 years	1,230	1,976
2 to 3 years	38	212
Over 3 years	510	300
	28,806	20,321

11 OTHER PAYABLES AND ACCRUALS

	At 30 September 2020 <i>RMB'000</i>	At 31 March 2020 <i>RMB'000</i>
Amounts due to related parties	9,559	9,559
Other taxes payables	7,552	5,957
Cash advanced from a third party	–	1,000
Payables for staff related costs	5,970	4,117
Payables for costs incurred in connection with the major acquisition/initial listing of the company's shares	91	95
Lease liability (within 1 year)	495	205
Others	5,124	5,545
	28,791	26,478

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2020.

(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 2019	505,263,177	4,141
Shares cancellation*	(52,000)	–
	<hr/>	<hr/>
At 31 March 2020	505,211,177	4,141
Shares cancellation*	(1,284,000)	(11)
	<hr/>	<hr/>
At 30 September 2020	<u>503,927,177</u>	<u>4,130</u>

* On 17th October 2019, the Company cancelled 52,000 ordinary shares. On 3rd April 2020 and 11th May 2020, the Company cancelled 208,000 and 1,076,000 ordinary shares respectively.

(c) Equity settled share-based transactions

The Company has a share option scheme which was adopted on 5 February 2018 whereby the Directors are authorised, at their discretion, to grant eligible participants option to subscribe for the shares of the Company. On 30 July 2018, the Company offered to grant share options to certain eligible persons (including executive Directors and independent non-executive Directors of the Company) to subscribe for a total of 26,700,000 shares of the Company. For the share options granted, 20% vested on 30 June 2019; another 30% vested on 30 June 2020; and the remaining 50% will vest on 30 June 2021, subject to the vesting condition. The exercise price is HKD0.80. These share options will be exercisable until 31 December 2021.

No options were exercised during the six months ended 30 September 2020 (Six months ended 30 September 2019: Nil).

(d) Purchase of own shares

The Company has cumulatively net repurchased 8,512,000 shares on the Stock Exchange of Hong Kong Limited at 30 September 2020. The total net amount paid to acquire these shares of RMB4,422,000 was deducted from equity attributable to equity shareholders of the Company.

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price paid RMB'000
		Highest HKD	Lowest HKD	
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
August 2019	2,700,000	0.5100	0.4976	1,228
September 2019	1,256,000	0.5000	0.4845	569
October 2019	52,000	0.5100	0.4950	23
December 2019	116,000	0.4900	0.4800	51
January 2020	20,000	0.4850	0.4750	9
March 2020	1,148,000	0.3700	0.3300	367
	<u>9,848,000</u>			<u>4,874</u>
Month of cancellation		Number of shares cancelled		Aggregate price paid RMB'000
November 2019		52,000		23
April 2020		208,000		82
May 2020		1,076,000		344
		<u>1,336,000</u>		<u>449</u>

(e) Capital management

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were approximately 131 as at 30 September 2020 (31 March 2020: approximately 115). The Group's employee benefit expenses mainly included salaries, overtime payment and discretionary bonus, share options, other staff benefits and contributions to retirement schemes. During the Reporting Period, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately RMB15,859,000 (six months ended 30 September 2019: approximately RMB15,100,000).

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and 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 complied with all applicable laws and regulations in the PRC and Hong Kong in all material respects during the Reporting Period.

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

ENVIRONMENTAL POLICY

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

RELATIONSHIPS WITH STAKEHOLDERS

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

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

The Group also maintains effective communication and develops long term and stable relationships with suppliers. During the Reporting Period, there was no material dispute or disagreement between the Group and its suppliers.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

CORPORATE STRATEGY

The strategy of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total returns for shareholders. Please refer to the paragraph headed “Management Discussion and Analysis” above 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 the expectations presented in such forward-looking statements and opinions. The Group, the Directors, employees or agents assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 have been reviewed by the auditor of the Company, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The independent review report of the auditor will be included in the interim report (the “**Interim Report**”) to shareholders. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 have also been reviewed by the Audit Committee of the Company.

EVENTS AFTER REPORTING PERIOD

Other than as disclosed in this announcement, from 1 October 2020 to the date of this announcement, no significant events occurred after the Reporting Period that might affect the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

APPRECIATION

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

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

Beijing, China, 25 November 2020

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.