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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 2021

FINANCIAL HIGHLIGHTS

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Revenue	293,666	163,454
Gross profit	66,947	23,836
Other income	217	93
Administrative and other operating expenses	33,213	45,366
Impairment losses	697	39,401
Profit/(loss) attributable to shareholders	20,855	(69,168)
Earnings/(loss) per share – basic and diluted (RMB cents)	4.21	(13.88)

For the year ended 31 March 2021 (the “**Year**”), the Group recorded a revenue of approximately RMB293,666,000, an increase of RMB130,212,000 or approximately 80% as compared with the previous year. The Group recorded a profit attributable to shareholders of approximately RMB20,855,000, an increase of RMB90,023,000 as compared with the previous year. The increase of revenue and profit were mainly due to the combined impact of the following factors:

- (i) **Increase in income from existing customers.** With the Group’s continuous research and development on innovative technologies, improvement in service quality, and enhancement in professional skills and capacities of the Group’s technical staff, the Group continued to receive increasing customers’ satisfaction for its products and services, which in turn continued to drive revenue derived from its existing customers. In particular, as compared with that of the previous year, income from State Grid Corporation of China (“**SGCC**”) increased by approximately 94%; income from China Southern Power Grid Company Limited (“**CSG**”) increased by approximately 170%, and the income from Inner Mongolia Power (Group) Co., Ltd.* (內蒙古電力集團有限責任公司) (“**IMPG**”) increased by approximately 36%.

- (ii) **Exploring new customers.** The Group has commenced cooperation with China Huaneng Group, one of the leading electricity generation enterprises in China since the Year. The Group has expanded its business upstream from power grid enterprises to power generation enterprises by participating in various power generation informatisation projects.
- (iii) **Achieving a breakthrough in the smart lifestyle business.** Beijing Beikong Zhike Energy Internet Company Limited* (北京北控智科能源互聯網有限公司), which is jointly established by the Group and the subsidiary of Beijing Enterprises Group Company Limited, Beijing Beikong Smart City Technology Development Company Limited* (北京北控智慧城市科技發展有限公司), has achieved a breakthrough in its smart lifestyle business. Starting from the Year, it entered the residential communities and set up smart garbage sorting stations and garbage sorting information platforms in the residential communities, in order to achieve resource recycling and reduction in domestic garbage. The Group will continue to invest in the smart garbage sorting segment, which will become the future growth point of its new business. Moreover, the investment made to the smart city business of the Group in the early stage has recorded a long-term and stable operating income.
- (iv) **Effective management and organisation structure reform.** During the Year, the Group recorded a gross profit margin of approximately 23%, increased by approximately 8 percentage points as compared with previous year. It is mainly due to the fact that the Group has enhanced its organisation structure with an aim of flattening organisational hierarchy, shortening decision-making procedures and strengthening vitality of the organisation. At the same time, the Group also implemented effective arrangements in terms of working hours and more efficient use of staff, which helped save labour costs of the Group.
- (v) **Less asset impairment losses.** During the previous year, impairment losses of assets related to smart city Internet of Things (“IoT”) of approximately RMB36,036,000 were recognised. No impairment losses of assets related to smart city IoT were recognised during the Year.

CHAIRMAN’S STATEMENT

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 to you the results of the Group for the year ended 31 March 2021.

INDUSTRY AND BUSINESS REVIEW

The year of 2020 is an extraordinary year. The COVID-19 epidemic and the severe and complex external environment have brought unprecedented impacts and challenges to the social economy. Under the leadership of the Board, the Group actively responded to external impacts, fine-tuned its business operation frameworks, turned challenges into opportunities, achieved high level of standards in terms of the Group's major performance indicators and achieved annual targets in all material aspects.

As a technology company with the mission of “Smart energy, Smart life”, the Group is embracing the best opportunity for development. At present, digitization is subverting and reconstructing our way of production and life. Premier Li Keqiang's “Government Work Report of the State Council in 2021” proposed to “accelerate digital development and improve the construction level of digital government in order to promote digital industrialization and industrial digital transformation”. Digital economy, digital society and digital government have been promoted as national strategies in the 14th Five-Year Plan and the Outline of 2035 Long-range Goals.

Since its establishment, the Group has been committed to becoming the world's leading provider of smart energy and smart life, from power system information technology services, smart city services to today's smart life. Through research and development of the IoT and internet applications, the Group provides hardware products, information technology services and solutions for users such as energy enterprises, industrial parks, communities and governments, enabling the digital upgrading of the industry and cities, and building a better life with science and technology.

SMART ENERGY

Digital upgrading has become the consensus of power grid enterprises in the transformation. After the **CSG** launched the “Digital transformation and Digital Construction Action Plan” in 2019, the **SGCC** launched “New Digital Infrastructure” in June 2020, which set out top ten key construction tasks, focusing on big data, IoT, comprehensive energy services, artificial intelligence, and other areas of the new infrastructure. The overall investment by **SGCC** on New Digital Infrastructure would be approximately RMB24.7 billion in 2020 and is expected to stimulate investment of approximately RMB100 billion. Through the use of big data of energy, data sharing, analysis and mining, applications can be used to serve the needs of the government for scientific decision-making, the society for fine governance, and the enterprise for intelligent energy use.

In the context of energy revolution, China has put forward the goal of “carbon peak by 2030 and carbon neutral by 2060”. As a bridge and link connecting energy production and consumption, power grid companies promote clean, low-carbon, safe and efficient utilization of energy through supply-side structural adjustment and demand-side response. In 2020, the share of electric energy in China’s terminal energy consumption has increased to 27%. It is estimated that in 2025 and 2030, the share of electric energy in terminal energy consumption will reach over 30% and 35% respectively.

Three big power grid companies (**SGCC**, **CSG** and **IMPG**) are the Group’s main customers. Seizing the opportunities of digital power grid upgrading and “carbon neutrality”, the Group’s revenue reached a new record in the Year. As compared with that of the previous year, income from **SGCC** increased by 94%; income from **CSG** increased by 170%, and the income from **IMPG** increased by 36%.

SMART LIFE

The digitization of industry has brought about the improvement of productivity and the change of lifestyle. The Group anticipated this trend as early as 2013. Through industry-university-research cooperation, a number of advanced technological achievements have been accumulated. IoT gateway device ‘**π core**’ is one of them. As the world’s unique intelligent IoT gateway device, ‘**π core**’ provides access to power and network to all kinds of smart applications. Possessing the functions of carrying the input of all smart application, obtaining data and distributing information, ‘**π core**’ is the sensory nerve endings of the city, making the city smart.

Through the relevant experience, technology and talent reserves accumulated in the field of energy industry information, in 2019, the Group acquired Beijing Aipu Zhicheng Technology Co., Ltd. and entered into the field of smart city. The Group built smart light poles in Mentougou District of Beijing, which became the first group of pilot smart city in Beijing. In 2020, the Group has established the development strategy of upgrading smart city to smart life. Smart life includes smart cities, smart parks/communities, and smart homes. At the urban level, the government implements the fine governance of “instant perception and data-driven” in the fields of traffic environment, city appearance, security, communication and people’s livelihood, so as to build a smart city. At the community and park level, managers can create smart communities and smart parks through digital management of property, sanitation, parking, security, public services and other matters. At the family level, the Group is committed to making digitization play the maximum value in specified household, such as bed care, remote medical care, AED first aid, intelligent interactive companionship, etc., so that residents can live at ease and conveniently. With all the above improvements in technologies related to smart life, digitization could truly benefit and enhance the daily life of the residents.

During the Year, the Group comprehensively upgraded its business cognition, business philosophy, development strategy, business model and promotion path, and reformed its organizational structure, incentive mechanism, talent team and research and development system. The Group has made gratifying achievements in the field of smart life after upgrading. In terms of smart city, it provided smart application equipment for Tianjin Tanggu Bay Smart Micro-city Demonstration Area, helping to build Tianjin's first "Smart Micro-city". The Group continued to provide Beijing Mentougou public security monitoring project with various environmental monitoring services, communication base station mounting services and other operational services; In the smart community, the Group has built a smart garbage classification station and a data platform for Licheng District of Jinan City, realizing the full coverage of household garbage classification.

Looking ahead, the year of 2021 is the first year of China's 14th Five-Year Plan. The Group will seize the opportunity of Digital China to accelerate the construction of a scientific, complete and efficient management system. For smart energy and smart life, through innovation incubation of industry, studies and research, we will build core products around the technologies of IoT, continue to enable the smart development of cities and the digital transformation of industries, strive to implement the ideal of digital China, and create value for the Group's shareholders and the society.

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 the Year:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Sale of software and solutions	41,164	16,854
Provision of technical services	202,862	98,426
Sale of products	49,640	48,174
	293,666	163,454

For the Year, the Group's revenue increased by approximately RMB130,212,000 as compared with previous year, mainly due to the increase of software and solutions, and technical services. The reasons are set out below:

- (i) Revenue from sale of software and solutions increased by approximately RMB24,310,000, or 144% as compared with previous year. Benefiting from the transformation and upgrading opportunities of the "Digital Grid" of power grid companies, the Group has carried out large projects including the upgrading of the Inner Mongolia Power Marketing Information System;
- (ii) Revenue from provision of technical services increased by approximately RMB104,436,000, or 106% as compared with previous year. The Group has provided technical consulting services to **IMPG** and **SGCC** and other customers for many years, with good cooperative relations and experience, business continues to grow; and
- (iii) Revenue from provision of sale of products increased by approximately RMB1,466,000, or 3% as compared with previous year. Among them, the sales volume of macro rear projection large screen has further increased. In addition to users in the power industry, the application of macro rear projection large screen has been expanded to hospitals, schools, government emergency management service centers and other places.

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:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Cost of sales		
Sale of software and solutions	27,113	11,356
Provision of technical services	156,166	85,147
Sale of products	43,440	43,115
Total	226,719	139,618
Gross profit margin		
Sale of software and solutions	34.1%	32.6%
Provision of technical services	23.0%	13.5%
Sale of products	12.5%	10.5%
Average	22.8%	14.6%

For the Year, the cost of sales of the Group increased by approximately RMB87,101,000, and gross profit margin of the Group increased from 14.6% to 22.8%. This was mainly due to:

- (i) Effective management and organisation structure reform. During the Year, the Group enhanced its organisation structure with an aim of flattening organisational hierarchy, shortening decision-making procedures and strengthening vitality of the organisation. At the same time, the Group also implemented effective arrangements in terms of working hours and more efficient use of staff, which helped save labour costs of the Group; and
- (ii) The Group has served **IMPG**, **SGCC** and other customers for many years. With good cooperative relationships and experience, the Group can provide customers with system maintenance and upgrading services in a faster and more efficient manner, which help with continuous increase in business volume, reduce operating costs and thus increasing the gross profit margin.

Administrative and other operating expenses

Below sets out a breakdown of the Group's administrative and other operating expenses incurred for the Year:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Labour costs	6,336	6,793
R&D expenses	12,297	5,254
Professional services expenses	6,275	8,927
Amortisation of intangible assets	–	15,780
Others	8,305	8,612
	<u>33,213</u>	<u>45,366</u>

For the Year, the Group's administrative and other operating expenses reduced by approximately RMB12,153,000, or 27% as compared with previous year. The reduction was mainly due to:

- (i) Decrease of corporate social insurance expenses. Pursuant to RenShebufa (人社部發) [2020] No.11 and No.49 Notice on the periodic reduction and exemption of corporate social insurance premiums from February 2020 to December 2020, the subsidiaries of the Group as middle size companies defined by *Classified statistics of large, medium, small and micro enterprises (2017)* issued by National Bureau of Statistics were entitled to a exemption of contributions to defined contribution retirement plan during the year;
- (ii) The amortisation of intangible assets is included in “cost of sales” in the consolidated statement of profit or loss, as the intangible assets (smart IoT) generated revenue during the Year; and
- (iii) Professional service expenses decreased by RMB2,652,000, which was mainly due to a decrease in expenses in relation to financial consulting and other professional service incurred by the Group.

Intangible assets

Below sets out a breakdown of the Group's intangible assets as of 31 March 2021:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Cost	98,280	94,211
Less: Accumulated amortisation	(48,213)	(34,950)
Less: Impairment losses	(22,418)	(22,418)
	<hr/>	<hr/>
Net book value	27,649	36,843
	<hr/>	<hr/>

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 31 March 2021, the Group's operating subsidiaries have applied for/registered a total of 25 patents and 113 software copyrights in the PRC (31 March 2020: 24 patents and 108 software copyrights).

Trade and bill receivables

Below sets out a breakdown of trade and bill receivables for the year ended 31 March 2021:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Trade receivables	219,915	122,930
Bill receivables	2,184	675
	<hr/>	<hr/>
Total	222,099	123,605
Less: loss allowance	(9,953)	(8,940)
	<hr/>	<hr/>
Net book value	212,146	114,665
	<hr/>	<hr/>

As of 31 March 2021, the Group's trade and bill receivables increased by approximately RMB97,481,000, or 85% as compared with previous year, which is approximately in line with the increase of revenue. The Group's credit policy and the creditability of its customers were stable as compared with prior years.

Inventories and contract costs

Below sets out a breakdown of inventories and contract costs as of 31 March 2021:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Products	277	327
Software systems under development	<u>12,231</u>	<u>9,456</u>
	<u>12,508</u>	<u>9,783</u>

As of 31 March 2021, the Group's inventories and contract costs increased by approximately RMB2,725,000 or 28%, mainly due to the increase in business activities and the increase of projects under development during the 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:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
R&D expenditure		
Capitalised	4,069	8,893
Charged to profit or loss accounts	<u>12,297</u>	<u>5,254</u>
	<u>16,366</u>	<u>14,147</u>

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, the Group's R&D expenditure increased by approximately RMB2,219,000, or 16% as compared with previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

(Expressed in Renminbi (“RMB”))

	Note	2021 RMB'000	2020 RMB'000
Revenue	4	293,666	163,454
Cost of sales		<u>(226,719)</u>	<u>(139,618)</u>
Gross profit	4(b)	66,947	23,836
Other income	5	217	93
Selling expenses		(7,223)	(7,753)
Administrative and other operating expenses		(33,213)	(45,366)
Impairment loss on non-current assets	6(b)	–	(36,036)
Impairment loss on trade receivables and contract assets	6(b)	<u>(697)</u>	<u>(3,365)</u>
Profit/(loss) from operations		26,031	(68,591)
Net finance (costs)/income		(637)	9
– Finance income		534	1,060
– Finance costs		(1,171)	(1,051)
Share of profits of an associate		<u>13</u>	<u>725</u>
Profit/(loss) before taxation	6	25,407	(67,857)
Income tax	7	<u>(4,552)</u>	<u>(1,311)</u>
Profit/(loss) for the year attributable to equity shareholders of the Company		<u>20,855</u>	<u>(69,168)</u>
Earnings/(loss) per share			
Basic/diluted (RMB cents)	10	<u>4.21</u>	<u>(13.88)</u>

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

For the year ended 31 March 2021

(Expressed in RMB)

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year	20,855	(69,168)
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	<u>(1,276)</u>	<u>2,824</u>
Total comprehensive income for the year attributable to equity shareholders of the Company	<u>19,579</u>	<u>(66,344)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2021

(Expressed in RMB)

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	11	9,624	9,782
Intangible assets	12	27,649	36,843
Interest in an associate	14	3,419	3,406
Deferred tax assets		193	347
		<u>40,885</u>	<u>50,378</u>
Current assets			
Inventories and other contract costs	15	12,508	9,783
Contract assets	16	39,601	34,885
Trade and bill receivables	17	212,146	114,665
Prepayments, deposits and other receivables	18	26,850	21,804
Bank balances and cash	19	31,703	31,802
		<u>322,808</u>	<u>212,939</u>
Current liabilities			
Trade payables	20	67,516	20,321
Other payables and accruals	21	36,909	26,478
Bank loans	22	31,267	13,000
Income tax payable		13,142	8,553
		<u>148,834</u>	<u>68,352</u>
Net current assets		<u>173,974</u>	<u>144,587</u>
Total assets less current liabilities		<u>214,859</u>	<u>194,965</u>
Non-current liabilities			
Lease liabilities		496	139
Deferred tax liabilities		860	1,288
		<u>1,356</u>	<u>1,427</u>
Net assets		<u>213,503</u>	<u>193,538</u>
Capital and reserves			
Share capital		4,130	4,141
Reserves		209,373	189,397
Total equity		<u>213,503</u>	<u>193,538</u>

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

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 July 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 2 March 2018 (the "**Listing Date**"). The Company and its subsidiaries (collectively referred to as the "**Group**") are 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 People's Republic of China (the "**PRC**") and the sale of products and the investment, construction and operation of smart city infrastructure in the PRC.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements 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 amendments to IFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2(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 accounting year reflected in the financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the Year 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 except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities;

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 3.

(c) 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*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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 16 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 realizable 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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

(i) Disaggregation of revenue

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sale of software and solutions	41,164	16,854
Provision of technical services	202,862	98,426
Sale of products	49,640	48,174
	<u>293,666</u>	<u>163,454</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	124,807	64,485
Customer B	60,584	44,516
Customer C	35,145	less than 10%
	<u>35,145</u>	<u>less than 10%</u>

(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 sale of software and solutions, provision of technical services and sale of products 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 2021 and 2020. 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 2021 and 2020 is set out below.

	2021			
	Sale of software and solutions RMB'000	Provision of technical services RMB'000	Sale of products RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
– Over time	41,164	202,862	–	244,026
– Point in time	–	–	49,640	49,640
Revenue from external customers and reportable segment revenue	<u>41,164</u>	<u>202,862</u>	<u>49,640</u>	<u>293,666</u>
Reportable segment gross profit	<u>14,051</u>	<u>46,696</u>	<u>6,200</u>	<u>66,947</u>

	2020			
	Sale of software and solutions <i>RMB'000</i>	Provision of technical services <i>RMB'000</i>	Sale of products <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>16,854</u>	<u>98,426</u>	<u>48,174</u>	<u>163,454</u>
Reportable segment gross profit	<u>5,498</u>	<u>13,279</u>	<u>5,059</u>	<u>23,836</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Segment results	66,947	23,836
Other income	217	93
Net finance (costs)/income	(637)	9
Selling expenses	(7,223)	(7,753)
Administrative and other operating expenses	(33,213)	(45,366)
Impairment loss on non-current assets (Note 11 and Note 12)	–	(36,036)
Impairment loss on trade receivables and contract assets	(697)	(3,365)
Share of profits of an associate	13	725
Consolidated profit/(loss) before taxation	<u>25,407</u>	<u>(67,857)</u>

(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.

5 OTHER INCOME

	2021 <i>RMB'000</i>	2020 RMB'000
Gains on changes in fair value of wealth management products (<i>Note 18(ii)</i>)	125	–
Others	92	93
	<u>217</u>	<u>93</u>

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Staff costs[#]

	2021 <i>RMB'000</i>	2020 RMB'000
Salaries, wages and other benefits	26,619	23,848
Contributions to defined contribution retirement scheme	280	1,767
Equity-settled share-based payment expenses	78	144
	<u>26,977</u>	<u>25,759</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 as middle size companies defined by *Classified statistics of large, medium, small and micro enterprises (2017)* issued by National Bureau of Statistics were entitled to a exemption of contributions to defined contribution retirement plan during the year.

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

(b) Other items

	2021 RMB'000	2020 RMB'000
Depreciation and amortisation# (Notes 11 and 12)	15,126	26,255
Impairment loss on property, plant and equipment (Note 11)	–	13,618
Impairment loss on intangible assets (Note 12)	–	22,418
Impairment loss on trade receivables and contract assets (Note 16 and Note 17)	697	3,365
Operating lease charges in respect of office premises	1,514	1,858
Auditors' remuneration:		
– Statutory audit services	2,830	2,654
Research and development costs (other than amortisation)	12,297	5,254
Outsourced labour cost#	149,602	75,063
Cost of inventories sold# (Note 15)	225,631	139,226

Cost of inventories sold include RMB178,078,000 (2020: RMB96,576,000) 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 6 for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2021 RMB'000	2020 RMB'000
Current tax – PRC Corporate		
Income Tax		
– Provision for the year	4,755	114
– Under provision in respect of prior years	71	–
Deferred Tax		
– Origination and reversal of temporary differences	(274)	1,197
	<u>4,552</u>	<u>1,311</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit/(loss) before taxation	<u>25,407</u>	<u>(67,857)</u>
Expected tax on profit/(loss) before taxation, calculated at the rates applicable in the jurisdictions concerned (<i>Notes (i), (ii) and (iii)</i>)	6,785	(16,225)
Tax effect of non-deductible expenses	1,024	819
Tax effect of non-taxable income	(3)	(181)
– Share of profits of an associate	(3)	(181)
Tax effect on bonus deduction of research and development costs (<i>Note (iv)</i>)	(2,904)	(1,451)
Effect of tax losses not recognised	1,824	9,995
Write off deferred tax assets	–	2,113
Tax concessions (<i>Notes (v) and (vi)</i>)	<u>(2,174)</u>	<u>6,241</u>
Actual tax expense	<u>4,552</u>	<u>1,311</u>

Notes:

- (i) The two-tiered profits tax rates regime of the subsidiaries of the Group incorporated in Hong Kong is applicable from the year of assessment 2019/20 onwards. The profits tax rate for the first Hong Kong Dollars (“**HK\$**”) 2,000,000 of profits of corporations will be lowered to 8.25%, and profits above that amount will continue to be subject to the tax rate of 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 year ended 31 March 2021 (2020: 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 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.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021				
	Directors' fees <i>RMB'000</i>	Salaries, allowances and benefits in-kind <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Share-based payments <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors					
Mr Wang Dongbin	316	444	44	–	804
Mr Wu Hongyuan	105	712	13	–	830
Mr Li Kangying	316	–	–	–	316
Mr Wu Zhanjiang	105	600	13	–	718
Independent non-executive directors					
Mr Ng Kong Fat	105	–	–	26	131
Mr Han Bin	105	–	–	26	131
Mr Wang Peng	105	–	–	26	131
	1,157	1,756	70	78	3,061
	2020				
	Directors' fees <i>RMB'000</i>	Salaries, allowances and benefits in-kind <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Share-based payments <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors					
Mr Wang Dongbin	285	439	39	–	763
Mr Wu Hongyuan	107	709	39	–	855
Mr Li Kangying	285	–	–	–	285
Mr Wu Zhanjiang	107	646	39	–	792
Independent non-executive directors					
Mr Ng Kong Fat	107	–	–	48	155
Mr Han Bin	107	–	–	48	155
Mr Wang Peng	107	–	–	48	155
	1,105	1,794	117	144	3,160

No emoluments were paid by the Group to the directors during the years as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2020: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries and other emoluments	2,194	1,160
Discretionary bonuses	486	241
Retirement scheme contributions	30	79
	<u>2,710</u>	<u>1,480</u>

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	2021	2020
Hong Kong dollars (“HKD”) Nil to HKD1,000,000	2	2
Hong Kong dollars (“HKD”) HKD1,000,001 to HKD1,500,000	1	–
	<u>3</u>	<u>2</u>

No emoluments were paid by the Group to these individuals during the years as an inducement to join or upon joining the Group or as compensation for loss of office.

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company of RMB20,855,000 (2020: loss of RMB69,168,000) and the weighted average of 495,415,177 ordinary shares (2020: 498,251,319 shares) in issue during the year ended 31 March 2021.

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

	2021	2020
Number of shares in issue at 1 April	505,211,177	505,263,177
Effect of shares repurchased	<u>(9,796,000)</u>	<u>(7,011,858)</u>
Weighted average number of shares in issue	<u>495,415,177</u>	<u>498,251,319</u>

(b) Diluted earnings per share

The diluted earnings per share for the year ended 31 March 2021 has not been considered the effect of the outstanding share options, which is anti-dilutive.

11 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles, office equipment and other equipment <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At 1 April 2019	2,309	25,139	47	–	27,495
Additions	95	–	–	451	546
Transferred out from construction in progress	–	–	(47)	–	(47)
	<u>2,404</u>	<u>25,139</u>	<u>–</u>	<u>451</u>	<u>27,994</u>
At 31 March 2020	2,404	25,139	–	451	27,994
Additions	459	–	–	1,504	1,963
Disposals	(885)	–	–	(451)	(1,336)
	<u>1,978</u>	<u>25,139</u>	<u>–</u>	<u>1,504</u>	<u>28,621</u>
At 31 March 2021	1,978	25,139	–	1,504	28,621
Less: Accumulated depreciation:					
At 1 April 2019	1,166	221	–	–	1,387
Charge for the year	450	2,646	–	111	3,207
	<u>1,616</u>	<u>2,867</u>	<u>–</u>	<u>111</u>	<u>4,594</u>
At 31 March 2020	1,616	2,867	–	111	4,594
Charge for the year	381	1,028	–	454	1,863
Written back on disposals	(869)	–	–	(209)	(1,078)
	<u>1,128</u>	<u>3,895</u>	<u>–</u>	<u>356</u>	<u>5,379</u>
At 31 March 2021	1,128	3,895	–	356	5,379
Less: Impairment loss:					
At 1 April 2019	–	–	–	–	–
Impairment charge	–	13,618	–	–	13,618
	<u>–</u>	<u>13,618</u>	<u>–</u>	<u>–</u>	<u>13,618</u>
At 31 March 2020 and 2021	–	13,618	–	–	13,618
Net book value:					
At 31 March 2021	<u>850</u>	<u>7,626</u>	<u>–</u>	<u>1,148</u>	<u>9,624</u>
At 31 March 2020	<u>788</u>	<u>8,654</u>	<u>–</u>	<u>340</u>	<u>9,782</u>

The leasehold improvement mainly represents that one of the Group's subsidiaries 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. The subsidiary renovated the poles to provide smart city infrastructure service.

For the year ended 31 March 2021, 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. No further impairment was recognised in 2021 (2020: RMB13,618,000).

12 INTANGIBLE ASSETS

	Software and patents RMB'000
Cost:	
At 1 April 2019	85,318
Additions	<u>8,893</u>
At 31 March 2020	94,211
Additions	<u>4,069</u>
At 31 March 2021	----- 98,280
Less: Accumulated amortisation:	
At 1 April 2019	11,902
Charge for the year	<u>23,048</u>
At 31 March 2020	34,950
Charge for the year	<u>13,263</u>
At 31 March 2021	----- 48,213
Less: Impairment loss:	
At 1 April 2019	-
Charge for the year	<u>22,418</u>
At 31 March 2020 and 2021	----- 22,418
Net book value:	
At 31 March 2021	<u>27,649</u>
At 31 March 2020	<u>36,843</u>

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. No further impairment was recognised in 2021 (2020: RMB22,418,000).

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

13 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of subsidiaries	Place and date of establishment/ incorporation	Particulars of registered/issued and paid-up capital	Proportion of ownership interest			Principal activities
			The Group's effective interest	Held by the Company	Held by a subsidiary	
Along Grid (北京愛朗格瑞科技有限公司) (Note i)	The PRC 25 May 2011	RMB126,136,174	100%	–	100%	Design, implementation, enhancement and upgrades of software systems and the provision of technical services and the sale of products
First Magic International Limited (“First Magic”)	The British Virgin Islands 9 June 2015	1 share of US\$1 each	100%	100%	–	Investment holding
Citimax Development Limited (“Citimax Development”)	Hong Kong 26 January 2016	1 share	100%	–	100%	Investment holding
Aipu Zhicheng (北京艾普智城網絡科技有限公司) (Note ii)	The PRC 27 December 2013	RMB81,050,000	100%	–	100%	Investment, construction and operation of smart city infrastructure
Great Progress International Limited (“Great Progress”)	The British Virgin Islands 23 October 2018	1 share of US\$1 each	100%	100%	–	Investment holding
Main Smart (H.K.) Limited (“Main Smart”)	Hong Kong 13 April 2016	1 share	100%	–	100%	Investment holding
Mingan Zhicheng (北京明安智城科技有限公司) (Note i)	The PRC 26 November 2018	HKD20,000,000	100%	–	100%	Investment holding
Mingan Wulian (北京明安物聯科技有限公司) (Note ii)	The PRC 5 December 2018	RMB20,202,000	100%	–	100%	Investment holding

Note: (i) The official name of these entities is in Chinese. The English name is for identification purpose only. These entities were registered as a wholly foreign-owned enterprise in the PRC.

(ii) The official name of these entities is in Chinese. The English name is for identification purpose only. These entities were registered as domestic enterprise in the PRC.

14 INTEREST IN AN ASSOCIATE

The following are the particulars of the associate, which is an unlisted corporate entity whose quoted market price is not available:

Name of associate	Form of business structure	Place of establishment and business	Particulars of paid-up capital	The Group's effective interest	Principal activity
北京北控智科能源互聯網有限公司 (Beijing Beikong Zhike Energy Internet Company Limited #)	Limited liability company	PRC	RMB16,400,020	36.59%	Development of smart city energy internet

English translation for identification only.

Summarised information of the associate:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts of the Group's share of the associate		
Gains from continuing operations	<u>35</u>	<u>1,982</u>
Total comprehensive income	<u>35</u>	<u>1,982</u>

15 INVENTORIES AND CONTRACT COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Products	277	327
Software systems under development	<u>12,231</u>	<u>9,456</u>
	<u>12,508</u>	<u>9,783</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold	225,631	139,226
Write-down of inventories	<u>137</u>	<u>3,213</u>
	<u>225,768</u>	<u>142,439</u>

16 CONTRACT ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Arising from performance under contracts with customers	40,331	35,931
Less: loss allowance	<u>730</u>	<u>1,046</u>
	<u>39,601</u>	<u>34,885</u>

The amount of contract assets that is expected to be recovered after more than one year is RMB4,957,000 at 31 March 2021 (31 March 2020: RMB3,199,000), all of which relates to retentions.

17 TRADE AND BILL RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	219,915	122,930
Bill receivables	<u>2,184</u>	<u>675</u>
	222,099	123,605
Less: loss allowance	<u>9,953</u>	<u>8,940</u>
	<u>212,146</u>	<u>114,665</u>

(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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 1 year	191,564	102,034
1 to 2 years	15,995	12,234
2 to 3 years	4,587	95
Over 3 years	<u>–</u>	<u>302</u>
	<u>212,146</u>	<u>114,665</u>

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

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts due from related parties	1,538	38
Amounts due from third parties (<i>Note (i)</i>)	6,206	6,000
Prepayment for technical service fee	1,827	731
Staff advances and other deposits	4,994	6,479
VAT refundable	811	2,765
Prepayment for miscellaneous expenses	460	3,256
Wealth management products (<i>Note (ii)</i>)	9,125	–
Others	1,889	2,535
	<u>26,850</u>	<u>21,804</u>

Note:

- (i) As at 31 March 2021, the amount was loan granted to a third party with annual interest rate of 7%, which have been repaid in April 2021.
- (ii) As at 31 March 2021, the Group's investment in a wealth management product issued by a commercial bank which can be redeemed at anytime is as follows:

	31 March 2021
	Expected annual rate of return
	Principal amount <i>RMB'000</i>
Non-principal-guaranteed product	1.56%
	<u>9,000</u>
Fair value	<u>9,125</u>

19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Total bank balances and cash	31,703	31,802
Less: restricted cash	<u>9,980</u>	<u>109</u>
Cash at bank and on hand	<u>21,723</u>	<u>31,693</u>

The Group's operations in the PRC (excluding Hong Kong) are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC (excluding Hong Kong) is subject to the relevant rules and regulations of the foreign exchange controls promulgated by the PRC government.

Restricted cash include RMB260,000 as at 31 March 2021 (31 March 2020: RMB109,000) of cash deposits pledged to banks for the performance guarantee in relation to certain sales contracts, and RMB9,720,000 (31 March 2020: Nil) of bank balance which has been pledged for the loan from the bank.

20 TRADE PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables to third parties	67,516	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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 1 year	64,232	17,833
1 to 2 years	2,636	1,976
2 to 3 years	136	212
Over 3 years	512	300
	67,516	20,321

21 OTHER PAYABLES AND ACCRUALS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts due to related parties	9,559	9,559
Amounts due to a third party	6,926	1,000
Other taxes payables	9,615	5,957
Payables for staff related costs	3,745	4,117
Lease liabilities (within 1 year)	646	205
Others	6,418	5,640
	36,909	26,478

Note: As at 31 March 2021, amounts due to a third party are unsecured, interest-free and repayable within one year.

22 BANK LOANS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Short-term bank loans, secured (<i>Note (i)</i>)	28,500	9,000
Short-term bank loans, unsecured	2,767	4,000
	<u>31,267</u>	<u>13,000</u>

Notes:

- (i) As at 31 March 2021, the secured short-term bank loans comprises the following:
- The bank loan RMB5,000,000 is jointly guaranteed by the executive directors, a founder and Beijing Haidian Sci-tech Enterprises Financing Guarantee Co., Ltd;
 - The bank loan of RMB2,000,000 is jointly guaranteed by the executive director and director's spouse and Beijing Cultural Technology Financing Guarantee Co., Ltd;
 - The bank loan of RMB3,500,000 is jointly guaranteed by the executive directors, a founder and Beijing Yizhuang International Financing Guarantee Co., Ltd;
 - The bank loan of RMB5,000,000 is guaranteed by the executive directors;
 - The bank loan RMB4,000,000 is guaranteed by Beijing Shouchuang Financing Guarantee Co.,Ltd; and
 - The bank loan RMB9,000,000 is pledged by the cash deposits of the Company (see Note 19).
- (ii) All short-term loans are repayable within one year.

23 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. These share options will be exercisable until 31 December 2021.

No options were exercised during the year ended 31 March 2021.

- (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	<u>10,500,000</u>	35 months from the date of grant	41 months
Total share options granted	<u>26,700,000</u>		

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 2020 and 2021, unless the board of directors of the Company waive such condition. At 31 March 2021, as 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, the share options mentioned above which vested on 30 June 2019 and on 30 June 2020 were considered forfeitures.

(b) Fair value of share options and assumptions

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

Fair value of share options and assumptions

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

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

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

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 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 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality Board, effective risk management and internal controls systems, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

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

COMPLIANCE WITH 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 to the Listing Rules. In response to specific enquiries made, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout the Year.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "**AGM**") of the Company will be held on Thursday, 16 September 2021. 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 (2020: 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 Saturday, 11 September 2021 to Thursday, 16 September 2021, 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 Friday, 10 September 2021 (Hong Kong time), being the last registration date.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was approximately 111 as at 31 March 2021 (31 March 2020: 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. For the Year, the Group's total expenditure for employee benefit (including directors' emoluments) amounted to approximately RMB30.4 million (2020: RMB31.8 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.

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 social-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 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 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 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 2021 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 2021 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, 18 June 2021

* *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.