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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 2021**

### **FINANCIAL HIGHLIGHTS**

	<b>For the six months ended 30 September 2021 RMB'000</b>	<b>For the six months ended 30 September 2020 RMB'000</b>
Revenue	<b>163,510</b>	107,102
Gross profit	<b>31,932</b>	24,972
Profit attributable to shareholders	<b>7,860</b>	3,133
Earnings per share		
– basic and diluted (RMB cents)	<b>1.59</b>	0.63

- Revenue: During the six months ended 30 September 2021 (the “**Reporting Period**”), OneForce Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) recorded an increase in revenue by approximately RMB56,408,000 or 52.7% 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 research and development (“**R&D**”) and market expansion, and continuous expansion on the types and scope of technical services for customers.
- Gross profit: During the Reporting Period, the gross profit of the Group increased by approximately RMB6,960,000 as compared with the same period of last year, and the overall gross profit margin fell from approximately 23.3% to approximately 19.5%, mainly because: i) in order to improve service quality and meet market requirements, more customers are equipped with a dedicated technical service team provided by the Group, 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 RMB4,727,000, which is mainly attributable to the combined effect of the increase in gross profit by approximately RMB6,960,000, the decrease in administrative expenses by approximately RMB1,421,000, and the increase in impairment losses on trade receivables and contract assets

by approximately RMB2,119,000 as compared with the same period of last year.

- 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 the Group is pleased to present the interim results (“**Interim Results**”) of the Group for the Reporting Period.

## INDUSTRY REVIEW

The energy field is the main battleground of China's carbon emission reduction, and the power grid is the hub to promote energy transformation and realise the national strategy of “carbon peak and neutrality”. On 15 March 2021, Chairman Xi Jinping proposed to build a new power system with new energy as the main body, and to make efforts to achieve the target of carbon peak by 2030 and carbon neutrality by 2060 at the ninth meeting of the Central Committee of Finance and Economics. Open interconnection, multi-source synergy, multi-energy complementarity, energy and digital deep coupling of energy internet will be the main morphological features of the new power system in the future.

On one hand, intellectualisation and digitalisation will lead to a variety of energy efficient interconnection. With the surge of distributed renewable energy generation, the microgrid of distributed power supply, distribution facilities, control equipment, energy storage equipment, etc. will become an effective complement to the existing power grid. All aspects of the power system will be fully intelligent, digital and interactive, in order to achieve the integration of power source network load storage and multi-energy complementary development.

On the other hand, major changes will take place in the form of energy services. On 11 October 2021, the National Development and Reform Commission issued the “*Notice on Further Deepening the Market-oriented Reform On Grid Electricity Price Of Coal-fired Power Generation*”, announcing the latest measures for the reform of grid electricity price of coal-fired power starting from 15 October 2021, and promoting the improvement of the formation mechanism of market-oriented electricity price. The market-oriented reform of coal power price forms an effective market incentive mechanism from the price level, stimulates the commodity attribute of electricity, further promotes the wide application of electric energy substitution, including electric vehicles, clean heating, roof photovoltaic, user side energy storage equipment and smart home, and the use of electricity is further developing in a diversified direction. In the context of energy internet, the new model of both consumers and producers will change the form of energy and power services. Demand side response, virtual power plant and market-oriented power sales have become new choices for users. Load aggregation, green power, customized services, accurate measurement and power big data value-added services will become the new needs of the majority of users.

## BUSINESS REVIEW

As a smart energy technology service provider, the Group provides IoT-related hardware and software products, information technology services and integrated solutions for customers in the industries such as power companies, smart cities, industrial parks and community streets.

The deployment of a dual-carbon strategy has driven demand for IoT-related software and hardware from power grid companies and energy enterprises. With customer resources and technology-leading products and services accumulated over the years in power grid and distribution companies, the Group seizes the opportunity for development. While consolidating and deepening its partnership with State Grid Corporation of China ("SGCC"), Inner Mongolia Power (Group) Co., Ltd. ("IMPG"), and China Southern Power Grid Company Limited ("CSG"), the Group further expands cooperations with customers of other energy companies, including China Energy Investment Corporation ("**China Energy**") and China Huaneng Group Co., Ltd ("**CHNG**"), and continues to broaden its business areas and customer range.

Meanwhile, the Group's business in smart city IoT was carried out smoothly, and a number of smart city projects achieved breakthroughs during the Reporting Period, including Beijing Mentougou District smart light pole mounting project, Baoding Jingxiu District smart waste classification project, etc.

While the Group has been actively expanding business, the Group also attaches importance to investment in technology R&D and talent training to ensure the competitiveness of the Group's products and services. The Group continues to optimise its internal organisational structure and mechanism, provide employees with promotion and talent incentive mechanism including share options and share awards, to ensure the stability of the core technical team and the improvement of innovation ability.

## **OUTLOOK AND PROSPECT**

The Group's focus on energy digitalisation is ushering in new opportunities for rapid development in the next few decades. Relying on the stable cooperative relationship accumulated in the process of providing information development and services for major power grid companies over the years, increasingly strengthened customer loyalty and the excellent technical team and software and hardware products, the Group is confident to meet the high-speed development opportunities brought by energy digitalisation. Meanwhile, with the strong support of low-carbon China and digital China construction policies, the Group's smart city IoT business will usher in better development.

The Group attaches great importance to maintaining stable cash flow, actively takes measures to strengthen cash flow management, remains highly vigilant about the timeliness of receivables collection, and will pay more attention to the follow-up of receivables collection while encouraging the team to actively explore the market and business.

Facing the current challenging economic environment, the Group strives for progress while maintaining stability, makes pragmatic innovation, strives to improve its business operation ability and core competitiveness, seizes industry opportunities and promotes the 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:

	<b>For the six months ended 30 September 2021 RMB'000</b>	For the six months ended 30 September 2020 RMB'000
Sale of software and solutions	<b>27,247</b>	18,887
Provision of technical services	<b>91,422</b>	59,459
Sale of products	<b>44,841</b>	28,756
	<b>163,510</b>	107,102

During the Reporting Period, the Group's revenue increased by approximately RMB56,408,000, which is mainly due to the combination of the following:

- (i) the year-on-year increase in revenue from sales of software and solutions by approximately RMB8,360,000, which was mainly contributed by the implementation of a number of new large-scale information construction projects of energy enterprises during the Reporting Period;
- (ii) the increase in revenue from provision of technical services by approximately RMB31,963,000, which was mainly attributable to the further expansion of the types and scope of technical services provided to customers such as CSG and NARI Technology Co., Ltd.; and
- (iii) the increase in revenue of sale of hardware by approximately RMB16,085,000 which was mainly attributable to the implementation of the new energy enterprise visualisation exhibition hall construction project newly added in 2021 during the Reporting Period.

## 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:

	<b>For the six months ended 30 September 2021</b>	For the six months ended 30 September 2020
<b>Cost of sales (RMB'000)</b>		
Sale of software and solutions	<b>17,874</b>	12,522
Provision of technical services	<b>71,878</b>	45,484
Sale of products	<b>41,826</b>	24,124
	<b>131,578</b>	82,130
<b>Gross profit margin</b>		
Sale of software and solutions	<b>34.4%</b>	33.7%
Provision of technical services	<b>21.4%</b>	23.5%
Sale of products	<b>6.7%</b>	16.1%
	<b>19.5%</b>	23.3%

During the Reporting Period, the year-on-year increase in cost of sales of the Group was approximately RMB49,448,000, which was driven by the growth in revenue of sales. Meanwhile, the Group's overall gross profit margin fell from approximately 23.3% to approximately 19.5%, mainly because: i) in order to improve service quality and meet market requirements, more customers are equipped with a dedicated technical service team provided by the Group, 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 2021, the carrying amount of intangible assets was approximately RMB21,549,000 (31 March 2021: RMB27,649,000). The carrying amount of PP&E was approximately RMB8,696,000 (31 March 2021: approximately RMB9,624,000).

## Trade and bill receivables and contract assets

As of 30 September 2021, the carrying amount of trade and bill receivables and contract assets amounted to approximately RMB305,337,000 (31 March 2021: approximately RMB251,747,000). 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 2021, the carrying amount of inventories and other contract cost was approximately RMB12,487,000 (31 March 2021: approximately RMB12,508,000).

## **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:

	<b>For the six months ended 30 September 2021 RMB'000</b>	<b>For the six months ended 30 September 2020 RMB'000</b>
<b>R&amp;D expenditure</b>		
Capitalised	-	952
Charged to profit or loss accounts	<u>4,286</u>	<u>2,320</u>
	<u><b>4,286</b></u>	<u><b>3,272</b></u>

As a technology and innovation driven company, the Group has been consistently investing in R&D activities. During the Reporting Period, the Group has maintained its focus on investing in R&D activities. The amount of R&D expenditure increased by approximately RMB1,014,000 as compared with the same period of last year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2021, the Group had net current assets amounting to approximately RMB187,196,000 (31 March 2021: approximately RMB173,974,000), including bank balances and cash of approximately RMB30,593,000 (31 March 2021: approximately RMB31,703,000). The Group's current ratio (as calculated by current assets divided by current liabilities) was 2.08 times (31 March 2021: 2.17 times). The liability with interest was short-term bank loans and amounted to approximately RMB38,639,000 (31 March 2021: approximately RMB31,267,000), representing 17.5% of net assets (31 March 2021: 14.6%). The Group's liquidity and financial position remains 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 ordinary shares. As at 30 September 2021, the

Company had 503,927,177 shares in issue.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2021 (31 March 2021: none).

## **TREASURY MANAGEMENT**

For the Reporting Period, 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 trade 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 2021, a total of approximately RMB9,580,000 cash of deposits has been charged as security for bank borrowings of the Group (31 March 2021: approximately RMB9,720,000).

As at 30 September 2021, the Group had no property, plant and equipment that was held under finance leases (31 March 2021: none).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 September	
	Note	2021 RMB'000	2020 RMB'000
<b>Revenue</b>	4	<b>163,510</b>	107,102
Cost of sales		<b>(131,578)</b>	(82,130)
<b>Gross profit</b>	4(b)	<b>31,932</b>	24,972
Other income	5	<b>223</b>	29
Selling expenses		<b>(3,930)</b>	(3,762)
Administrative and other operating expenses		<b>(13,743)</b>	(15,164)
Impairment losses on trade receivables and contract assets		<b>(4,093)</b>	(1,974)
<b>Profit from operations</b>		<b>10,389</b>	4,101
Finance costs		<b>(808)</b>	(211)
Share of profits of an associate		<b>150</b>	22
<b>Profit before taxation</b>	6	<b>9,731</b>	3,912
Income tax	7	<b>(1,871)</b>	(779)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>7,860</b>	3,133
<b>Earnings per share</b>			
Basic/diluted (RMB cents)	8	<b>1.59</b>	0.63

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

*For the six months ended 30 September 2021 – unaudited  
(Expressed in RMB)*

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit for the period</b>	<b><u>7,860</u></b>	<b><u>3,133</u></b>
<b>Other comprehensive income for the period (after tax)</b>		
<i>Item that are or may be reclassified subsequently to profit or loss:</i>		
- Exchange differences on translation of financial statements into presentation currency	<b><u>(193)</u></b>	<b><u>(577)</u></b>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<b><u>7,667</u></b>	<b><u>2,556</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021 – unaudited

(Expressed in RMB)

		At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	8,696	9,624
Intangible assets	10	21,549	27,649
Interest in an associate		3,569	3,419
Deferred tax assets		468	193
		<u>34,282</u>	<u>40,885</u>
		-----	-----
<b>Current assets</b>			
Inventories and other contract costs	11	12,487	12,508
Contract assets	12	30,590	39,601
Trade and bill receivables	13	274,747	212,146
Prepayments, deposits and other receivables	14	11,466	26,850
Bank balances and cash	15	30,593	31,703
		<u>359,883</u>	<u>322,808</u>
		-----	-----
<b>Current liabilities</b>			
Trade payables	16	80,818	67,516
Other payables and accruals	17	37,243	36,909
Bank loans		38,639	31,267
Income tax payable		15,987	13,142
		<u>172,687</u>	<u>148,834</u>
		-----	-----
<b>Net current assets</b>		<u>187,196</u>	<u>173,974</u>
		-----	-----
<b>Total assets less current liabilities</b>		<u>221,478</u>	<u>214,859</u>
		-----	-----
<b>Non-current liabilities</b>			
Lease liabilities		233	496
Deferred tax liabilities		-	860
		<u>233</u>	<u>1,356</u>
		-----	-----
<b>Net assets</b>		<u>221,245</u>	<u>213,503</u>
		-----	-----
<b>Capital and reserves</b>	18		
Share capital		4,130	4,130
Reserves		217,115	209,373
		<u>221,245</u>	<u>213,503</u>
<b>Total equity</b>		<u>221,245</u>	<u>213,503</u>
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## NOTES

(Expressed in RMB unless otherwise indicated)

### 1. CORPORATE INFORMATION

OneForce Holdings Limited (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. 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 2021.

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 2021, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2022. Details of any changes in accounting policies are set out in Note 3.

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 2021. 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 HKICPA. 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 2021 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

### 3. 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 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform - phase 2*

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.

### 4. 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 4(b).

##### *i. Disaggregation of revenue*

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

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
Sale of software and solutions	27,247	18,887
Provision of technical services	91,422	59,459
Sale of products	44,841	28,756
	<u>163,510</u>	<u>107,102</u>

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

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
Customer A	90,144	41,123
Customer B	less than 10%	25,690
Customer C	20,064	15,293

#### (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:

- Sale of software and solutions: this segment engages in the design, implementation, enhancement and upgrades of software systems for power grid and distribution companies.
- Provision of technical services: this segment engages in the provision of maintenance services on the software systems sold.
- Sale of 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 monitors 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 2021 (six months ended 30 September 2020: 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.

	<b>Six months ended 30 September 2021</b>			
	<b>Sale of software and solutions RMB'000</b>	<b>Provision of technical services RMB'000</b>	<b>Sale of products RMB'000</b>	<b>Total RMB'000</b>
Disaggregated by timing of revenue recognition				
- Over time	27,247	91,422	-	118,669
- Point in time	-	-	44,841	44,841
Revenue from external customers and reportable segment revenue	<u>27,247</u>	<u>91,422</u>	<u>44,841</u>	<u>163,510</u>
Reportable segment gross profit	<u>9,373</u>	<u>19,544</u>	<u>3,015</u>	<u>31,932</u>

	<b>Six months ended 30 September 2020</b>			
	<b>Sale of software and solutions RMB'000</b>	<b>Provision of technical services RMB'000</b>	<b>Sale of products RMB'000</b>	<b>Total RMB'000</b>
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>

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

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment results	<b>31,932</b>	24,972
Other income	<b>223</b>	29
Financial costs	<b>(808)</b>	(211)
Selling expenses	<b>(3,930)</b>	(3,762)
Administrative and other operating expenses	<b>(13,743)</b>	(15,164)
Impairment loss on trade receivables and contract assets	<b>(4,093)</b>	(1,974)
Share of profits of an associate	<b>150</b>	22
Consolidated profit before taxation	<b>9,731</b>	3,912

iii. *Geographic information*

All of the Group's operations are carried out and the Group's customers are located in the PRC. The Group's non-current assets, including property, plant and equipment and intangible assets are all located or allocated to operations located in the PRC.

## 5. OTHER INCOME

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Gains on redemption of wealth management products ( <i>Note 14 (iii)</i> )	<b>120</b>	-
Others	<b>103</b>	29
	<b>223</b>	29

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) **Staff costs<sup>#</sup>**

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Salaries, wages and other benefits	<b>13,103</b>	15,064
Contributions to defined contribution retirement scheme	<b>1,158</b>	-
Equity-settled share-based payment expenses	<b>15</b>	48
	<b>14,276</b>	15,112

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.

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

**(b) Other items**

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation and amortisation <sup>#</sup>	7,141	7,544
Impairment loss on trade receivables and contract assets	4,093	1,974
Impairment loss of inventories and other contract costs	658	137
Operating lease charges in respect of office premises	1,662	1,250
Research and development costs (other than amortisation)	4,286	2,320
Outsourced labour cost <sup>#</sup>	73,396	43,263
Cost of inventories sold <sup>#</sup> (Note 11)	<u>131,489</u>	<u>81,791</u>

# Cost of inventories sold include RMB89,470,000 (six months ended 30 September 2020:RMB59,159,000) 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(a) for each of these types of expenses.

**7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

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

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current tax - PRC Corporate</b>		
Income Tax		
- Provision for the period	2,891	1,455
- Under provision in respect of prior years	115	-
<b>Deferred Tax</b>		
- Origination and reversal of temporary differences	<u>(1,135)</u>	<u>(676)</u>
	<u>1,871</u>	<u>779</u>

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

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit before taxation	<u><b>9,731</b></u>	<u>3,912</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned ( <i>Notes (i), (ii) and (iii)</i> )	<b>2,537</b>	1,272
Tax effect of non-deductible expenses	<b>481</b>	438
Tax effect of non-taxable income	<b>(38)</b>	(5)
Tax effect on bonus deduction of research and development costs ( <i>Note (iv)</i> )	<b>(1,394)</b>	(1,062)
Effect of tax losses not recognised	<b>886</b>	571
Tax concessions ( <i>Notes (v) and (vi)</i> )	<u><b>(601)</b></u>	<u>(435)</u>
Actual tax expense	<u><b>1,871</b></u>	<u>779</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 six months ended 30 September 2021 (six months ended 30 September 2020: 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.

## **8. EARNINGS PER SHARE**

**(a) Basic earnings per share**

The calculation of basic earnings per share for the six months ended 30 September 2021 is based on the profit attributable to the equity shareholders of the Company of RMB7,860,000 (six months ended 30

September 2020: RMB3,133,000) and the weighted average of 495,415,177 (six months ended 30 September 2020: 495,415,177) ordinary shares in issue during the six months ended 30 September 2021.

## (b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil) has not taken into account the effect of the outstanding share options, which is anti-dilutive.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property, plant and equipment with a cost of RMB119,000 (six months ended 30 September 2020: RMB5,000).

## 10. INTANGIBLE ASSETS

Intangible assets of the Group at 30 September 2021 represented self-developed software with an aggregate carrying amount of RMB21,549,000 (31 March 2021: RMB27,649,000).

## 11. INVENTORIES AND OTHER CONTRACT COSTS

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Products	1,241	277
Software systems under development	<u>11,246</u>	<u>12,231</u>
	<u>12,487</u>	<u>12,508</u>

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

	Six months ended 30 September	
	2021 RMB'000	2020 RMB'000
Cost of inventories sold	131,489	81,791
Write-down of inventories and other contract costs	<u>658</u>	<u>137</u>
	<u>132,147</u>	<u>81,928</u>

## 12. CONTRACT ASSETS

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Arising from performance under contracts with customers	31,118	40,331
Less: loss allowance	<u>528</u>	<u>730</u>
	<u>30,590</u>	<u>39,601</u>

### 13. TRADE AND BILL RECEIVABLES

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Trade receivables	280,821	219,915
Bill receivables	8,174	2,184
	<u>288,995</u>	<u>222,099</u>
Less: loss allowance	14,248	9,953
	<u>274,747</u>	<u>212,146</u>

#### (a) Ageing analysis

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

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Less than 1 year	248,388	191,564
1 to 2 years	19,908	15,995
2 to 3 years	6,451	4,587
Over 3 years	-	-
	<u>274,747</u>	<u>212,146</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.

#### (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.

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Amounts due from related parties ( <i>Note (i)</i> )	1,538	1,538
Prepayment for technical service fee	524	467
Prepayment for miscellaneous expenses	1,485	460
Amounts due from third parties ( <i>Note (ii)</i> )	-	6,206
Staff advances and other deposits	6,293	7,215
VAT refundable	134	811
Wealth management products ( <i>Note (iii)</i> )	-	9,125
Others	1,492	1,028
	<u>11,466</u>	<u>26,850</u>

Notes:

- (i) As at 30 September 2021, the amount was loan granted to Beijing Beikong Zhike Energy Internet Company Limited, which will be due in December 2021.
- (ii) As at 30 September 2021, the loan principal has been received in April 2021.
- (iii) As at 30 September 2021, the wealth management product has been redeemed.

## 15. BANK BALANCE AND CASH

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Total bank balances and cash	30,593	31,703
Less: restricted cash	9,840	9,980
Cash at bank and on hand	<u>20,753</u>	<u>21,723</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 30 September 2021 (31 March 2021: RMB260,000) of cash deposits pledged to banks for the performance guarantee in relation to certain sales contracts, and RMB9,580,000 (31 March 2021: RMB9,720,000) of cash and cash equivalents which has been pledged for the loan from the bank.

## 16. TRADE PAYABLES

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Trade payables to third parties	<u>80,818</u>	<u>67,516</u>

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 2021 RMB'000	At 31 March 2021 RMB'000
Less than 1 year	76,494	64,232
1 to 2 years	3,529	2,636
2 to 3 years	257	136
Over 3 years	538	512
	<u>80,818</u>	<u>67,516</u>

## 17. OTHER PAYABLES AND ACCRUALS

	At 30 September 2021 RMB'000	At 31 March 2021 RMB'000
Amounts due to related parties	9,559	9,559
Amounts due to a third party	4,361	6,926
Other taxes payables	14,498	9,615
Payables for staff related costs	6,161	8,743
Lease liability (within 1 year)	629	646
Others	2,035	1,420
	<u>37,243</u>	<u>36,909</u>

## 18. 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 2021.

### (b) Share capital

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

	Number of shares	Nominal value of ordinary shares RMB'000
<b>Ordinary shares, issued and fully paid:</b>		
At 1 April 2019	505,263,177	4,141
Shares cancellation ( <i>Note (i)</i> )	<u>(52,000)</u>	<u>-</u>
At 1 April 2020	505,211,177	4,141
Shares cancellation ( <i>Note (i)</i> )	<u>(1,284,000)</u>	<u>(11)</u>
At 30 September and 31 March 2021 ( <i>Note (ii)</i> )	<u>503,927,177</u>	<u>4,130</u>

*Notes:*

- (i) 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.
- (ii) As at 30 September 2021, the Company hold 8,512,000 treasury shares that was repurchased but not cancelled.

### **(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% vested 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 2021 (six months ended 30 September 2020: Nil).

### **(d) 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 96 as at 30 September 2021 (31 March 2021: approximately 111). 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 RMB14,276,000 (six months ended 30 September 2020: approximately RMB15,859,000).

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 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 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 and continues to identify and manage environmental impacts arising from 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 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 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 has 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 have 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 Reporting Period, neither the Company nor any of its subsidiaries has 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 Reporting Period (six months ended 30 September 2020: nil).

## **CORPORATE STRATEGY**

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

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements of the Group for the Reporting Period 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 Reporting Period has also been reviewed by the Audit Committee of the Company.

## **EVENTS AFTER REPORTING PERIOD**

Other than as disclosed elsewhere in this announcement, from 1 October 2021 to the date of this announcement, no significant events occurred after the Reporting Period that may 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.hk> 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 2021

*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.*