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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 2022

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September 2022 RMB'000	For the six months ended 30 September 2021 RMB'000
Revenue	179,376	163,510
Gross profit	34,081	31,932
Profit attributable to shareholders	9,703	7,860
Earnings per share		
– basic and diluted (RMB cents)	1.96	1.59

- Revenue: During the six months ended 30 September 2022 (the “**Reporting Period**”), OneForce Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) recorded an increase in revenue by approximately RMB15,866,000 or 9.7% as compared with that for the same period of last year, mainly due to the implementation of a number of large-scale informatisation construction projects of energy companies, the sales of software and solutions business increased, and the cooperation with power grid companies deepened, resulting in the growth in provision of technical services.
- Gross profit: During the Reporting Period, the gross profit of the Group increased by approximately RMB2,149,000 as compared with that for the same period of last year, and the overall gross profit margin fell from approximately 19.5% to approximately 19.0%, mainly because of the increase in staff costs due to the increase in the number of employees.
- Profit attributable to shareholders: During the Reporting Period, the profit attributable to shareholders achieved an increase of approximately RMB1,843,000, mainly attributable to: i) the increase in gross profit by approximately RMB2,149,000; ii) Other income increased by approximately RMB3,361,000, mainly due to the additional deduction of VAT according to relevant government policy; iii) an increase of approximately RMB2,861,000 in impairment losses of trade receivables, contract assets and other receivables and; iv) an increase in finance costs of approximately RMB692,000.
- Earnings per share – basic and diluted: Based on the reasons above, our basic and diluted earnings per share increased accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of the Group is pleased to present the interim results (“**Interim Results**”) of the Group for the Reporting Period.

INDUSTRY REVIEW

In the energy field, in order to achieve the goal of carbon peaking and carbon neutralisation, the proportion of electric energy in terminal energy consumption needs to reach 35% and 70% respectively in 2030 and 2060. In 2021, the proportion of electric energy accounted for 28% of the terminal energy consumption which still has a huge room for growth. At the same time, new infrastructures in emerging industries, such as 5G base stations and data centers, are characterised by high energy consumption and 24-hour non-stop operation which create huge power consumption. In addition, the development of the semiconductor industry and the transformation of the steel industry will also lead to the growth of electricity consumption in the society. Along with the increase in electricity consumption, the increase in the proportion of renewable energy and the comprehensive promotion of the marketisation of electricity prices have also increased the volatility of the electricity consumption and the electricity prices. In order to meet the social demand for electricity, digital capabilities have become the main engine for the energy companies.

In the field of Internet of Things (“**IoT**”), according to data from the Ministry of Industry and Information Technology of China, as of the end of August 2022, the number of China’s mobile IoT connections had reached 1.698 billion, surpassing the number of mobile phone users for the first time. In recent years, all the industries have accelerated their pace of digital transformation, and the mobile communication network has also accelerated its transformation from the main service of "people to people" communication to "people and things" and "things and things". China’s mobile IoT has made significant progress in networking capabilities, application development and industrial capabilities. The IoT, as the third wave of world informatisation development after the creation of computers and the Internet, has become an important part of the national science and technology development strategy and one of the leading forces of future strategic emerging industries.

BUSINESS REVIEW

In January 2022, the National Development and Reform Commission and the National Energy Administration jointly issued the *Guiding Opinions on Accelerating the Construction of a National Unified Power Market System*, which specifies that the national unified power market system will be initially completed by 2025 and basically completed by 2030. China's unified electricity market is accelerating, and participants in the electricity market will expand rapidly. On 23 July 2022, the Southern Regional Power Market was launched for trial operation. It is estimated that the cumulative market traded electricity in the Southern Regional Power Market will reach 1.11 trillion kWh in 2022, and the market traded electricity will account for about 80% by the end of 2023. During the reporting period, the Group continued to strengthen cooperations with China Southern Power Grid Company Limited (“**CSG**”). Revenue from CSG increased by approximately 360% compared with that for the same period of last year. Inner Mongolia power spot market also started a new round of continuous settlement trial operation of spot market on 1 June 2022. During the reporting period, the Group participated in the power trading market construction project of Inner Mongolia Power (Group) Co., Ltd. (“**IMPG**”), and the revenue from IMPG increased by about 38% compared with that for the same period of last year.

Digital reform requires the power marketing system to quickly adapt to the transformation of data integration. The "14th Five-Year Plan" digitalization plan of the State Grid Corporation of China ("SGCC") proposes to build an Energy Internet Marketing Service System ("**Marketing 2.0**"). The Group has further cooperated with SGCC, and the sales volume of technical services related to Marketing 2.0 and "Online State Grid" has increased significantly compared with that for the same period last year and has opened up the markets of SGCC in Xinjiang and Qinghai.

The Group is a leading technology enterprise in the energy and information technology industry, which has been serving the electric energy consumption field and focusing on the general energy industry. Through providing complete solutions, the Group assists power grid enterprises, power stations, electricity sales companies and other customers to achieve digital upgrades, accumulate platform capabilities, and realise the construction and upgrade of the new power systems.

Meanwhile, the industry of the Group is also the integration of the electric power, information and IoT industries. In 2013, the Group entered into the smart city field through its relevant experience, technology and talent pool accumulated in the field of the informatisation of the energy industry. As a self-developed and globally unique intelligent IoT product of the Group, the intelligent IoT gateway product π core provides access to power and network, connects all the smart applications, obtains data and distributes information in cities. ' π core ' is the sensory nerve endings of a smart city. Its applications include the construction of smart light poles in the Mentougou District of Beijing, which has become the first batch of smart city pilots in Beijing; and smart garbage sorting stations in Jinan and Baoding. Smart city projects continue to provide services to cities and continue to obtain stable income for the Group.

The Group attaches great importance to maintaining a stable cash flow by actively taking measures to strengthen the Group's cash flow management and remains highly vigilant on the timeliness of the receivables collection. During the COVID-19, various measures were taken to ensure the stability of cash flow. The Group will pay more attention to the follow-up of receivables collection while encouraging the team to actively explore the market and business.

OUTLOOK AND PROSPECT

The goals of carbon peaking and carbon neutrality are driving a huge change in the mode of energy production and energy consumption in China and as well as the world. In the face of the huge social responsibilities and development opportunities, as well as the significant demand for the transformation and upgrading of smart grid to energy Internet, the Group will continue to serve the society in under the constantly changing environment. Now, as we move towards a sustainable future energy generation, the Group will keep innovating and never stop.

FINANCIAL REVIEW

Revenue

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

	For the six months ended 30 September 2022 RMB'000	For the six months ended 30 September 2021 RMB'000
Sale of software and solutions	40,655	27,247
Provision of technical services	123,279	91,422
Sale of products	15,442	44,841
	<u>179,376</u>	<u>163,510</u>

During the Reporting Period, the Group's revenue increased by approximately RMB15,866,000, 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 RMB13,408,000, which was mainly contributed by the implementation of a number of large-scale information construction projects of energy enterprises such as SGCC, IMPG and CSG during the Reporting Period;
- (ii) the increase in revenue from provision of technical services by approximately RMB31,857,000, 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 decrease in revenue of sale of products by approximately RMB29,399,000 which was mainly attributable to the completion of new energy enterprise visualisation exhibition hall construction projects in the previous reporting period, and the reduction in large-scale construction projects 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:

	For the six months ended 30 September 2022	For the six months ended 30 September 2021
Cost of sales (RMB'000)		
Sale of software and solutions	28,613	17,874
Provision of technical services	102,042	71,878
Sale of products	14,640	41,826
	145,295	131,578
Gross profit margin		
Sale of software and solutions	29.6%	34.4%
Provision of technical services	17.2%	21.4%
Sale of products	5.2%	6.7%
	19.0%	19.5%

During the Reporting Period, the year-on-year increase in cost of sales of the Group was approximately RMB13,717,000, which was driven by the growth in revenue of sales. Meanwhile, the Group's overall gross profit margin fell from approximately 19.5% to approximately 19.0%, mainly because of the increase in staff costs due to the increase in the number of employees.

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

As of 30 September 2022, the carrying amount of intangible assets was approximately RMB13,773,000 (31 March 2022: RMB19,162,000). The carrying amount of PP&E was approximately RMB6,771,000 (31 March 2022: approximately RMB7,696,000).

Trade and bill receivables and contract assets

As of 30 September 2022, the carrying amount of trade and bill receivables and contract assets amounted to approximately RMB367,676,000 (31 March 2022: approximately RMB343,504,000). 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 2022, the carrying amount of inventories and other contract cost was approximately RMB12,467,000 (31 March 2022: approximately RMB14,474,000).

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:

	For the six months ended 30 September 2022 RMB'000	For the six months ended 30 September 2021 RMB'000
R&D expenditure		
Capitalised	-	-
Charged to profit or loss accounts	<u>7,174</u>	<u>4,286</u>
	<u>7,174</u>	<u>4,286</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 continued to increase its R&D investment. The amount of R&D expenditure increased by approximately RMB2,888,000 as compared with that for the same period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the Group had net current assets amounting to approximately RMB221,763,000 (31 March 2022: approximately RMB203,096,000), including bank balances and cash of approximately RMB16,670,000 (31 March 2022: approximately RMB37,924,000). The Group's current ratio (as calculated by current assets divided by current liabilities) was 2.16 times (31 March 2022: 2.02 times).

The Group's interest-bearing liabilities include short-term bank loans of approximately RMB54,631,000 (31 March 2022: approximately RMB47,520,000) and long-term bank loans of approximately RMB3,000,000 (31 March 2022: nil). Interest-bearing liabilities represent 23.4% of net assets (31 March 2022: 20.2%). 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 2022, the Company had 503,927,177 shares in issue.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2022 (31 March 2022: 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 a certain level of forecasted 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 also 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 2022, no cash has been charged as security for bank borrowings of the Group (31 March 2022: approximately RMB9,327,000).

As at 30 September 2022, the Group had no property, plant and equipment that was held under finance leases (31 March 2022: none).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 September	
	Note	2022 RMB'000	2021 RMB'000
Revenue	4	179,376	163,510
Cost of sales		<u>(145,295)</u>	<u>(131,578)</u>
Gross profit	4(b)	34,081	31,932
Other income	5	3,584	223
Selling expenses		(2,595)	(3,930)
Administrative and other operating expenses		(15,597)	(13,743)
Impairment losses on trade receivables, contract assets and other receivables		<u>(6,954)</u>	<u>(4,093)</u>
Profit from operations		12,519	10,389
Finance costs		(1,500)	(808)
Share of (losses)/profits of an associate		<u>(5)</u>	<u>150</u>
Profit before taxation	6	11,014	9,731
Income tax	7	<u>(1,311)</u>	<u>(1,871)</u>
Profit for the period attributable to equity shareholders of the Company		<u>9,703</u>	<u>7,860</u>
Earnings per share			
Basic/diluted (RMB cents)	8	<u>1.96</u>	<u>1.59</u>

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

*For the six months ended 30 September 2022 – unaudited
(Expressed in RMB)*

	Six months ended 30 September	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>9,703</u>	<u>7,860</u>
Other comprehensive income for the period (after tax)		
<i>Item that are or may be reclassified subsequently to profit or loss:</i>		
- Exchange differences on translation of financial statements into presentation currency	<u>1,048</u>	<u>(193)</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>10,751</u>	<u>7,667</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022 – unaudited

(Expressed in RMB)

		At 30 September 2022 RMB'000	At 31 March 2022 RMB'000
Non-current assets			
Property, plant and equipment	9	6,771	7,696
Intangible assets	10	13,773	19,162
Interest in an associate		3,593	3,598
Deferred tax assets		2,961	1,558
		27,098	32,014
		27,098	32,014
Current assets			
Inventories and other contract costs	11	12,467	14,474
Contract assets	12	54,521	48,053
Trade and bill receivables	13	313,155	295,451
Prepayments, deposits and other receivables	14	15,582	6,059
Cash at bank and on hand	15	16,670	37,924
		412,395	401,961
		412,395	401,961
Current liabilities			
Trade payables	16	71,623	95,227
Other payables and accruals	17	43,119	37,490
Bank loans		54,631	47,520
Income tax payable		21,259	18,628
		190,632	198,865
		190,632	198,865
Net current assets		221,763	203,096
		221,763	203,096
Total assets less current liabilities		248,861	235,110
Non-current liabilities			
Bank loans		3,000	-
		3,000	-
		3,000	-
Net assets		245,861	235,110
		245,861	235,110
Capital and reserves	18		
Share capital		4,130	4,130
Reserves		241,731	230,980
Total equity		245,861	235,110
		245,861	235,110

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 Act, Cap. 22 (Act 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 2022.

During the period ended 30 September 2022, the Group recorded a net operating cash outflow of RMB19,184,000 (period ended 30 September 2021: RMB19,641,000). However, at 30 September 2022, the Group’s current assets exceeded its current liabilities by RMB221,763,000 (31 March 2022: RMB203,096,000). Considering that the Group has maintained long-term strong business relationship with its major banks to get their continuing support and currently most of the bank loans were guaranteed by shareholders of the Group, the directors of the Company are of the opinion that renewal or new banking facilities is likely to be obtained during the twelve months ending 30 September 2023. Based on the cash flow forecast, the directors of the Company are of the opinion that the Group will have sufficient financial resources for its operations for at least 12 months from the end of the reporting period. As such, the financial statements have been prepared on a going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

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 2022, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2023. 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 2022. 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 2022 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 2022 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 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 within the scope of IFRS 15 by major service lines is as follows:

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Sale of software and solutions	40,655	27,247
Provision of technical services	123,279	91,422
Sale of products	15,442	44,841
	<u>179,376</u>	<u>163,510</u>

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

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Customer A	54,684	less than 10%
Customer B	52,373	90,144
Customer C	23,832	20,064

(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 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 2022 (six months ended 30 September 2021: Nil). The Group's other income and expense items, such as other income, selling expenses, administrative and other operating expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

Six months ended 30 September 2022

	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	40,655	123,279	-	163,934
- Point in time	-	-	15,442	15,442
	<u>40,655</u>	<u>123,279</u>	<u>15,442</u>	<u>179,376</u>
Revenue from external customers and reportable segment revenue	<u>40,655</u>	<u>123,279</u>	<u>15,442</u>	<u>179,376</u>
Reportable segment gross profit	<u>12,042</u>	<u>21,237</u>	<u>802</u>	<u>34,081</u>

Six months ended 30 September 2021

	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	27,247	91,422	-	118,669
- Point in time	-	-	44,841	44,841
	<u>27,247</u>	<u>91,422</u>	<u>44,841</u>	<u>163,510</u>
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>

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

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Segment results	34,081	31,932
Other income	3,584	223
Financial costs	(1,500)	(808)
Selling expenses	(2,595)	(3,930)
Administrative and other operating expenses	(15,597)	(13,743)
Impairment losses on trade receivables, contract assets and other receivables	(6,954)	(4,093)
Share of (losses)/profits of an associate	(5)	150
Consolidated profit before taxation	11,014	9,731

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

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Refund of value added tax ("VAT")	50	-
Gains on redemption of wealth management products	-	120
Additional deduction of VAT (<i>Note (i)</i>)	3,234	-
Others	300	103
	3,584	223

Note:

- (i) According to the announcement issued by the relevant government and tax authorities (Announcement [2019] No.39 of Ministry of Finance, State Taxation Administration, and General Administration of Customs), entities engage in production and living services, including software service, are entitled to a 10% additional deduction of VAT input to offset the tax payable from 1 April 2019 to 31 December 2021. And according to Announcement [2011] No.11 of Ministry of Finance and State Taxation Administration, the implementation for the above 10% additional deduction policy is extended to 31 December 2022. The subsidiaries of the Group established in Mainland China have made a one-time declaration for the 10% additional deduction of the relevant input VAT occurred during the current period.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs[#]

	Six months ended 30 September	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	45,642	13,103
Contributions to defined contribution retirement scheme	2,951	1,158
Equity-settled share-based payment expenses	-	15
	<u>48,593</u>	<u>14,276</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.

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

(b) Other items

	Six months ended 30 September	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and amortisation [#]	6,382	7,141
Impairment losses on trade receivables, contract assets and other receivables	6,954	4,093
Impairment loss of inventories and other contract costs	-	658
Operating lease charges in respect of office premises	735	1,662
Research and development costs (other than amortisation)	7,174	4,286
Outsourced labour cost [#]	73,124	73,396
Cost of inventories sold [#] (Note 11)	<u>145,242</u>	<u>131,489</u>

[#] Cost of inventories sold include RMB120,625,000 (six months ended 30 September 2021: RMB89,470,000) 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:

	Six months ended 30 September	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax - PRC Corporate		
Income Tax		
- Provision for the period	2,692	2,891
- Under provision in respect of prior years	22	115
Deferred Tax		
- Origination and reversal of temporary differences	(1,403)	(1,135)
	<u>1,311</u>	<u>1,871</u>

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

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Profit before taxation	<u>11,014</u>	<u>9,731</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>)	2,898	2,537
Tax effect of non-deductible expenses	257	481
Tax effect of non-taxable income	1	(38)
Tax effect on bonus deduction of research and development costs (<i>Note (iv)</i>)	(1,664)	(1,394)
Effect of tax losses not recognised	505	886
Tax concessions (<i>Notes (v)</i>)	<u>(686)</u>	<u>(601)</u>
Actual tax expense	<u>1,311</u>	<u>1,871</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 2022 (six months ended 30 September 2021: 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 subsidiaries of the Group established in the PRC, Along Grid (北京愛朗格瑞科技有限公司) and Aipu Zhicheng (北京艾普智城网络科技有限公司), have obtained an approval from the tax bureau to be taxed as enterprises with advanced and new technologies, and therefore enjoy 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 2022 is based on the profit attributable to the equity shareholders of the Company of RMB9,703,000 (six months ended 30 September 2021: RMB7,860,000) and 495,415,177 ordinary shares (six months ended 30 September 2021: 495,415,177 shares) in issue during the six months ended 30 September 2022.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 September 2022 (six months ended 30 September 2021: 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 2022, the Group acquired items of property, plant and equipment with a cost of RMB68,000 (six months ended 30 September 2021: RMB119,000).

10. INTANGIBLE ASSETS

Intangible assets of the Group at 30 September 2022 mainly represented self-developed software with an aggregate carrying amount of RMB13,773,000 (31 March 2022: RMB19,162,000).

11. INVENTORIES AND OTHER CONTRACT COSTS

	At 30 September 2022 RMB'000	At 31 March 2022 RMB'000
Products	128	4
Software systems under development	12,339	14,470
	<u>12,467</u>	<u>14,474</u>

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

	Six months ended 30 September	
	2022 RMB'000	2021 RMB'000
Cost of inventories sold	145,242	131,489
Write-down of inventories and other contract costs	-	658
	<u>145,242</u>	<u>132,147</u>

12. CONTRACT ASSETS

	At 30 September 2022 RMB'000	At 31 March 2022 RMB'000
Arising from performance under contracts with customers	55,468	48,910
Less: loss allowance	<u>947</u>	<u>857</u>
	<u>54,521</u>	<u>48,053</u>

13. TRADE AND BILL RECEIVABLES

	At 30 September 2022 RMB'000	At 31 March 2022 RMB'000
Trade receivables	331,151	305,004
Bill receivables	<u>4,753</u>	<u>6,800</u>
	335,904	311,804
Less: loss allowance	<u>22,749</u>	<u>16,353</u>
	<u>313,155</u>	<u>295,451</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 2022 RMB'000	At 31 March 2022 RMB'000
Less than 1 year	284,559	272,653
1 to 2 years	21,509	17,057
2 to 3 years	7,087	5,741
Over 3 years	<u>-</u>	<u>-</u>
	<u>313,155</u>	<u>295,451</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 2022 RMB'000	At 31 March 2022 RMB'000
Amounts due from a related party (<i>Note (i)</i>)	1,938	38
Prepayment for technical service fee	3,050	1,394
Prepayment for miscellaneous expenses	6,700	1,050
Staff advances and other deposits	5,198	4,535
Others	997	875
	<u>17,883</u>	<u>7,892</u>
Less: loss allowance	2,301	1,833
	<u>15,582</u>	<u>6,059</u>

Notes:

- (i) As at 30 September 2022, the amount was mainly a loan amounting to RMB1,900,000, granted to Beijing Beikong Zhike Energy Internet Company Limited, an associate of the Group, with the interest rates determined by reference to the rate charged by normal commercial banks for comparable loans, which will be due in April 2023.

15. CASH AT BANK AND ON HAND

	At 30 September 2022 RMB'000	At 31 March 2022 RMB'000
Total cash at bank and on hand	16,670	37,924
Less: restricted cash	-	9,327
Cash and cash equivalents	<u>16,670</u>	<u>28,597</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.

As of the end of the reporting period, restricted cash is nil (31 March 2022: RMB9,327,000) of cash and cash equivalents which has been pledged for the loan from the bank.

As of the end of the reporting period, cash and cash equivalents situated in Mainland China amounted to RMB6,453,000 (31 March 2022: RMB27,354,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

16. TRADE PAYABLES

	At 30 September 2022 <i>RMB'000</i>	At 31 March 2022 <i>RMB'000</i>
Trade payables to related parties	2,728	2,728
Trade payables to third parties	<u>68,895</u>	<u>92,499</u>
	<u>71,623</u>	<u>95,227</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 2022 <i>RMB'000</i>	At 31 March 2022 <i>RMB'000</i>
Less than 1 year	49,213	71,831
1 to 2 years	20,028	21,388
2 to 3 years	1,643	1,361
Over 3 years	<u>739</u>	<u>647</u>
	<u>71,623</u>	<u>95,227</u>

17. OTHER PAYABLES AND ACCRUALS

	At 30 September 2022 <i>RMB'000</i>	At 31 March 2022 <i>RMB'000</i>
Amounts due to related parties	9,559	9,559
Amounts due to a third party	599	854
Other taxes payables	18,364	15,102
Payables for staff related cost	9,526	6,347
Lease liability (within 1 year)	332	615
Others	<u>4,739</u>	<u>5,013</u>
	<u>43,119</u>	<u>37,490</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 2022.

(b) Share capital

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

	Number of shares	Nominal value of ordinary shares <i>RMB'000</i>
Ordinary shares, issued and fully paid:		
At 31 March 2021, 31 March 2022 and 30 September 2022	503,927,177	4,130

(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 (the “**Granted 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.

The Granted Share Options have expired on 31 December 2021, and no options were exercised.

(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 487 as at 30 September 2022 (31 March 2022: approximately 417). 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 RMB48,593,000 (six months ended 30 September 2021: approximately RMB14,276,000).

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 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 2021: 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

From 1 October 2022 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 2022

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.