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OneForce Holdings Limited

元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1933)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|---|---|---|
| Revenue | 449,861 | 376,704 |
| Gross profit | 94,879 | 88,272 |
| Other income | 6,092 | 2,195 |
| Administrative and other operating expenses | 49,584 | 49,182 |
| Impairment losses | 9,493 | 8,360 |
| Profit attributable to shareholders | 32,570 | 22,021 |
| Earnings per share – basic and diluted (RMB cents) | 6.57 | 4.44 |

- Revenue: For the year ended 31 March 2023 (the “**Year**”), OneForce Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) recorded an increase in revenue by approximately RMB73,157,000 or 19% as compared with the previous year, which is due to stronger performance in the Group’s provision of technical services and sale of products segments.
- Gross profit: For the Year, the gross profit of the Group increased by approximately RMB6,607,000 as compared with the previous year, and the overall gross profit margin fell from approximately 23.4% to approximately 21.1%, mainly due to the slight increase in labor costs of providing technical services, and the slight decrease in the gross margin of selling products.
- Profit attributable to shareholders: For the Year, the profit attributable to shareholders of the Group achieved a year-on-year increase of approximately RMB10,549,000. Through long-term stable sales channels and good customer relationships, the Group has maintained a relatively stable sales expense as compared to the previous year despite revenue growth. At the same time, the Group continued to strengthen its management, and administrative and other operating expenses increased slightly compared to the previous year. In addition, due to the value added tax (“**VAT**”) deduction policy, other income increased by approximately RMB4,228,000.

CHAIRMAN’S STATEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Group is pleased to present the annual results of the Group for the Year.

INDUSTRY AND BUSINESS REVIEW

In the past year, facing three types of pressure in the form of decrease in domestic demand, supply shocks, weakening expectations, and the impact of the rebound in the epidemic, China's economy has made progress despite such difficulties. The Group overcame difficulties, turned crises into opportunities, and achieved continuous growth in revenue and profits by identifying its development positioning, cultivating core capabilities, developing core products, and consolidating core channels.

China is the world's largest energy producer and consumer country, and power supply guarantee and new energy consumption are the main challenges faced by China in the energy field. According to statistics from the China Electricity Enterprise Federation, in 2022, China's total electricity generation reached approximately 8,694.1 billion kwh, representing a year-on-year increase of approximately 3.6%. Among them, the power generation from non-fossil fuels reached approximately 3,147.3 billion kwh, representing an increase of approximately 8.7% year-on-year, accounting for approximately 36.2% of the total power generation and an increase of approximately 1.7 percentage points year-on-year. The whole community has attached unprecedented importance to the energy field, and the country's policy support and management measures for the development of new energy have become more mature and rational.

SMART ENERGY

On 6 January 2023, the National Energy Administration issued the *Blue Book on New Power System Development (Draft for Comment)*, aiming to speed up the planning and construction of a new energy system. The new power system is characterized by clean and low-carbon power sources, flexible and intelligent power grids, flexible and diversified loads, and safe and economical energy storage. The source, network, load, and storage links are deeply integrated and interactive, and they operate safely and effectively under an open and shared power market system. The digital energy industry, characterized by digital and intelligent information technology, is an important technical means for the future energy revolution.

In January 2022, the National Development and Reform Commission issued the *Guiding Opinions on Accelerating the Construction of a National Unified Power Market System*, specifying that the national unified power market system will be initially completed by 2025 and basically completed by 2030. The core of power marketization reform is to reflect the relationship between supply and demand through price, form price signal, and return to the commodity attribute of power. According to data from China Electricity Union, in 2022, various power trading centers nationwide organized and completed a total of approximately 5.25 trillion kwh of market trading electricity, representing a year-on-year increase of approximately 39%, accounting for approximately 60.8% of the total electricity consumption in society, representing a year-on-year increase of approximately 15.4 percentage points. With the marketization of electricity prices and the increase in the proportion of renewable energy integrated into the power system, the fluctuation of electricity prices is gradually increasing, and personalized demands for energy services are constantly emerging. Digital capabilities have become the foundation for achieving market-oriented reform and meeting new scenarios and demands for electricity consumption.

Smart energy is the cornerstone business of the Group. Since its establishment, the Group has been deeply involved in the field of smart energy. Starting from the power industry, it will be expanded to water, gas, heat, oil and other energy industries, providing customized digital transformation services for large enterprises and industry users through the entire chain of consultation, design, development, implementation, and operation. We will further promote the deep integration of digital technology and the real economy, empower traditional industries to undergo digital and intelligent transformation and upgrading, and seize new opportunities for a new round of technological revolution and industrial transformation.

SMART LIFE

On 27 February 2023, the Central Committee of the Communist Party of China and the State Council issued the *Overall Layout Plan for the Construction of Digital China*, proposing to accelerate the construction of digital China. By 2025, an integrated promotion pattern of horizontal integration, vertical integration, and strong coordination will be basically formed. In 2035, the level of digital development will enter the forefront of the world, major achievements have been made in the construction of digital China.

Bringing smart life with digital technology is the second curve that the Group has embarked on. By accumulating relevant experience, technology, and talent reserves in the field of information technology in the energy industry, the Group entered the field of smart city in 2013. Applying digitalization to daily life, in situations where physical facilities, economic structure, and lifestyle patterns cannot be easily changed, digital solutions can accelerate urban resilience and adaptability, allowing residents to enjoy a happy life.

OUTLOOK AND PROSPECT

The Group will open a new chapter in view of the changing situations and seek opportunities in the midst of its challenges. 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China, and it is a year of opportunity for industry innovation, transformation and reconstruction. In the face of huge social responsibilities and development opportunities, the Group will continue to extend its roots downwards, make breakthroughs upwards, and move towards the goal of becoming "the world's leading smart energy and smart life service provider".

WANG Dongbin
Chairman

FINANCIAL REVIEW

Revenue

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

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|---------------------------------|---|--|
| Sale of software and solutions | 94,018 | 81,143 |
| Provision of technical services | 290,120 | 239,743 |
| Sale of products | 65,723 | 55,818 |
| | 449,861 | 376,704 |

For the Year, the Group's revenue increased by approximately RMB73,157,000, which is mainly due to the combination of the following factors:

- (i) the increase in revenue from the sale of software and solutions by approximately RMB12,875,000, which was mainly attributable to the implementation of a number of new large-scale information construction projects of grid companies and energy enterprises during the Year;
- (ii) the increase in revenue from the provision of technical services by approximately RMB50,377,000, which was mainly attributable to the further expansion of the types and scope of technical services provided to grid companies and energy enterprise customers. During the Year, the Group gradually opened up the market of China Southern Power Grid Company Limited ("CSG"), resulting in a significant increase in revenue from CSG; and
- (iii) the increase in revenue of the sale of products by approximately RMB9,905,000, which was attributable to the increase in the demand for related hardware products driven by the rapid development of the ubiquitous power internet of things (IoT).

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 Year:

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---------------------------------|---|---|
| Cost of sales (RMB'000) | | |
| Sale of software and solutions | 69,861 | 60,670 |
| Provision of technical services | 227,915 | 180,692 |
| Sale of products | 57,206 | 47,070 |
| Total | 354,982 | 288,432 |
| Gross profit margin | | |
| Sale of software and solutions | 25.7% | 25.2% |
| Provision of technical services | 21.4% | 24.6% |
| Sale of products | 13.0% | 15.7% |
| Average | 21.1% | 23.4% |

For the Year, the year-on-year increase in cost of sales of the Group was approximately RMB66,550,000, which was driven by the growth in revenue of sales. Meanwhile, the Group's overall gross profit margin fell from approximately 23.4% to approximately 21.1%, mainly due to the slight increase in labor costs of providing technical services, and the slight decrease in the gross margin of selling products.

Administrative and other operating expenses

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

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|--------------------------------|---|--|
| Labour costs | 6,508 | 4,828 |
| R&D expenses | 29,912 | 29,138 |
| Professional services expenses | 4,151 | 4,593 |
| Others | 9,013 | 10,623 |
| | 49,584 | 49,182 |

For the Year, the Group's administrative and other operating expenses increased by approximately RMB402,000, or approximately 1% as compared with the previous year. The increase was mainly due to:

- (i) Labour costs increased by approximately RMB 1,680,000, mainly due to the increase in the number of management personnel; and
- (ii) Other expenses decreased by approximately RMB1,610,000, mainly due to: (i) the decrease in technical services fees by approximately RMB779,000, mainly attributed to the increased investment of the Group's employees in providing technical services, reducing the use of outsourced employees, and (ii) the decrease in provision of inventories by approximately RMB658,000.

Intangible assets

Below sets out a breakdown of the Group's intangible assets as of 31 March 2023:

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|--------------------------------|---|--|
| Cost | 101,218 | 101,218 |
| Less: Accumulated amortisation | 69,965 | 59,638 |
| Less: Impairment losses | 22,418 | 22,418 |
| Net book value | 8,835 | 19,162 |

Trade and bill receivables

Below sets out a breakdown of trade and bill receivables as of 31 March 2023:

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|----------------------|---|--|
| Trade receivables | 406,239 | 305,004 |
| Bill receivables | 583 | 6,800 |
| Total | 406,822 | 311,804 |
| Less: loss allowance | 25,029 | 16,353 |
| Net book value | 381,793 | 295,451 |

As of 31 March 2023, the Group's trade and bill receivables increased by approximately RMB86,342,000, or approximately 29% as compared with previous year, which was slightly higher than the increase in revenue. The Group's credit policy and the creditability of its customers were stable as compared with prior years. The Group will continue to strengthen the collection management, formulate the collection plan, and take various measures including timely obtaining the progress confirmation from the owner, to strengthen the collection and relieve the financial pressure.

Inventories and other contract costs

Below sets out a breakdown of inventories and other contract costs as at 31 March 2023:

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|------------------------------------|---|--|
| Products | - | 4 |
| Software systems under development | <u>19,425</u> | <u>14,470</u> |
| | <u>19,425</u> | <u>14,474</u> |

As at 31 March 2023, the Group's inventories and contract costs increased by approximately RMB4,951,000, or approximately 34% as compared with the previous year. This was mainly due to the increase in the Group's business volume during the Year and the increase in the number of projects prepared in the early stage.

R&D expenditure

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

| | For the year ended 31 March 2023 RMB'000 | For the year ended 31 March 2022 RMB'000 |
|------------------------------------|---|--|
| Capitalised | - | - |
| Charged to profit or loss accounts | <u>29,912</u> | <u>29,138</u> |
| | <u>29,912</u> | <u>29,138</u> |

As a technology and innovation driven company, the Group has increased its investments in R&D activities. The amount of R&D expenditure increased by approximately 3% as compared with previous year. As at 31 March 2023, the Group had registered a total of 25 patents and 172 software copyrights in China (31 March 2022: 25 patents and 153 software copyrights).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

(Expressed in Renminbi (“RMB”))

| | | 2023 | 2022 |
|---|-------------|-----------------------|------------------|
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 4 | 449,861 | 376,704 |
| Cost of sales | | <u>(354,982)</u> | <u>(288,432)</u> |
| Gross profit | 4(b) | 94,879 | 88,272 |
| Other income | 5 | 6,092 | 2,195 |
| Selling expenses | | (5,323) | (5,503) |
| Administrative and other operating expenses | | (49,584) | (49,182) |
| Impairment losses on trade receivables, contract assets and other receivables | 6(b) | <u>(9,493)</u> | <u>(8,360)</u> |
| Profit from operations | | 36,571 | 27,422 |
| Finance costs | | (2,592) | (1,787) |
| Share of profits of an associate | | <u>36</u> | <u>179</u> |
| Profit before taxation | 6 | 34,015 | 25,814 |
| Income tax | 7 | <u>(1,445)</u> | <u>(3,793)</u> |
| Profit for the year attributable to equity shareholders of the Company | | <u>32,570</u> | <u>22,021</u> |
| Earnings per share | | | |
| Basic/diluted (RMB cents) | 10 | <u>6.57</u> | <u>4.44</u> |

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

For the year ended 31 March 2023

(Expressed in RMB)

| | 2023 | 2022 |
|---|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the year | <u>32,570</u> | <u>22,021</u> |
| Other comprehensive income for the year (after tax) | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| - Exchange differences on translation into presentation currency | <u>787</u> | <u>(487)</u> |
| Total comprehensive income for the year attributable to equity shareholders of the Company | <u>33,357</u> | <u>21,534</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

(Expressed in RMB)

| | Note | 2023 RMB'000 | 2022 RMB'000 |
|--|------|-----------------|-----------------|
| Non-current assets | | | |
| Property, plant and equipment | 11 | 7,899 | 7,696 |
| Intangible assets | 12 | 8,835 | 19,162 |
| Interest in an associate | 14 | 3,634 | 3,598 |
| Deferred tax assets | | 3,368 | 1,558 |
| | | <u>23,736</u> | <u>32,014</u> |
| Current assets | | | |
| Inventories and other contract costs | 15 | 19,425 | 14,474 |
| Contract assets | 16 | 61,004 | 48,053 |
| Trade and bill receivables | 17 | 381,793 | 295,451 |
| Prepayments, deposits and other receivables | 18 | 17,656 | 6,059 |
| Cash at bank and on hand | 19 | 55,517 | 37,924 |
| | | <u>535,395</u> | <u>401,961</u> |
| Current liabilities | | | |
| Trade payables | 20 | 136,682 | 95,227 |
| Other payables and accruals | 21 | 58,095 | 37,490 |
| Bank loans | 22 | 70,631 | 47,520 |
| Income tax payable | | 21,579 | 18,628 |
| | | <u>286,987</u> | <u>198,865</u> |
| Net current assets | | <u>248,408</u> | <u>203,096</u> |
| Total assets less current liabilities | | <u>272,144</u> | <u>235,110</u> |
| Non-current liabilities | | | |
| Bank loans | 22 | 3,000 | - |
| Lease liabilities | | 677 | - |
| | | <u>3,677</u> | <u>-</u> |
| Net assets | | <u>268,467</u> | <u>235,110</u> |
| Capital and reserves | | | |
| Share capital | | 4,130 | 4,130 |
| Reserves | | 264,337 | 230,980 |
| Total equity | | <u>268,467</u> | <u>235,110</u> |

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

(Expressed in RMB unless otherwise indicated)

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting year reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2023 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*
- IFRS 17, *Insurance contracts*
- Amendments to IAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

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

3. ACCOUNTING JUDGEMENT AND ESTIMATES

Sources of estimation uncertainty

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

(a) Service contracts

Revenue recognition on an uncompleted service project is dependent on estimating the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the service activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in Note 16 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting year, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(b) Impairment of trade receivables and contract assets

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

charge to the profit or loss.

(c) *Provision for inventories*

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

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

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

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

(e) *Income tax*

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

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

i. Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major service lines is as follows:

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---------------------------------|------------------------|------------------------|
| Sale of software and solutions | 94,018 | 81,143 |
| Provision of technical services | 290,120 | 239,743 |
| Sale of products | 65,723 | 55,818 |
| | <u>449,861</u> | <u>376,704</u> |

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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|------------|------------------------|------------------------|
| Customer A | 175,866 | 152,999 |
| Customer B | 104,363 | 65,865 |
| Customer C | 69,040 | 57,807 |
| Customer D | <u>Less than 10%</u> | <u>40,559</u> |

ii. Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for revenue from sale of software and solutions, provision of technical services and sale of products such that the financial information does not include information about revenue, that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which the information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Software and solutions: this segment engages in the design, implementation, enhancement and upgrades of software systems for power grid and distribution companies.
- Technical services: this segment engages in the provision of maintenance services on the software systems sold.
- Products: this segment sells software systems related hardware and spare parts.

i. Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management 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. In addition to receiving segment information concerning gross profit, management is provided with segment information concerning inter segment sales. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The Group's other income and expense items, such as other income, selling expenses, administrative and other operating expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2023 and 2022 is set out below.

| | 2023 | | | |
|--|--|---|--|---------------------------------|
| | 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 | 94,018 | 290,120 | - | 384,138 |
| - Point in time | - | - | 65,723 | 65,723 |
| Revenue from external customers and reportable segment revenue | 94,018 | 290,120 | 65,723 | 449,861 |
| Reportable segment gross profit | 24,157 | 62,205 | 8,517 | 94,879 |
| | | | | |
| | 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 | 81,143 | 239,743 | - | 320,886 |
| - Point in time | - | - | 55,818 | 55,818 |
| Revenue from external customers and reportable segment revenue | 81,143 | 239,743 | 55,818 | 376,704 |
| Reportable segment gross profit | 20,473 | 59,051 | 8,748 | 88,272 |

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

| | 2023 | 2022 |
|--|-----------------|----------|
| | RMB'000 | RMB'000 |
| Segment results | 94,879 | 88,272 |
| Other income | 6,092 | 2,195 |
| Selling expenses | (5,323) | (5,503) |
| Administrative and other operating expenses | (49,584) | (49,182) |
| Impairment losses on trade receivables, contract assets and other receivables | (9,493) | (8,360) |
| Financial costs | (2,592) | (1,787) |
| Share of profits of an associate | 36 | 179 |
| Consolidated profit before taxation | 34,015 | 25,814 |

iii. *Geographic information*

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

5. OTHER INCOME

| | 2023 | 2022 |
|---|----------------|---------|
| | RMB'000 | RMB'000 |
| Additional deduction of VAT (<i>Note (i)</i>) | 4,228 | - |
| Refund of VAT (<i>Note (ii)</i>) | 1,220 | 1,917 |
| Gains on redemption of wealth management products | - | 120 |
| Others | 644 | 158 |
| | 6,092 | 2,195 |

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. At the same time, according to Announcement [2023] No.1 of Ministry of Finance and State Taxation Administration, from 1 January 2023 to 31 December 2023, the deduction rate of input VAT is 5%.

The subsidiaries of the Group established in Mainland China have made a one-time declaration for the 10% and 5% additional deduction of the relevant input VAT occurred during the current year.

- (ii) Pursuant to the tax rules and regulations in the PRC, entities engage in the sale of self-developed software in the PRC and pay VAT at a rate of 13% entitled to a VAT refund to the extent of the VAT payable in excess of 3% of the self-developed software sold.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs[#]

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, wages and other benefits | 97,765 | 35,924 |
| Contributions to defined contribution retirement scheme | 6,325 | 2,823 |
| Equity-settled share-based payment expenses | - | 15 |
| | <u>104,090</u> | <u>38,762</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 14% -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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Depreciation and amortisation [#] (Notes 11 and 12) | 12,268 | 13,475 |
| Impairment loss on trade receivables, contract assets and other receivables (Note 16, Note 17 and Note 18) | 9,493 | 8,360 |
| Operating lease charges in respect of office premises | 1,124 | 2,675 |
| Auditors' remuneration: | | |
| – Statutory audit services | 2,940 | 2,885 |
| Research and development costs (other than amortisation) | 29,912 | 29,138 |
| Outsourced labour cost [#] | 193,771 | 191,839 |
| Cost of inventories sold [#] (Note 15) | <u>354,132</u> | <u>287,484</u> |

[#] Cost of inventories sold include RMB278,344,000 (2022: RMB229,600,000) relating to staff costs, outsourced labour 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:

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Current tax - PRC Corporate | | |
| Income Tax | | |
| - Provision for the period | 3,390 | 5,904 |
| - (Over)/under provision in respect of prior years | (135) | 114 |
| Deferred Tax | | |
| - Origination and reversal of temporary differences | <u>(1,810)</u> | <u>(2,225)</u> |
| | <u>1,445</u> | <u>3,793</u> |

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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Profit before taxation | 34,015 | 25,814 |
| Expected tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned (<i>Notes (i), (ii) and (iii)</i>) | 8,796 | 6,700 |
| Tax effect of non-deductible expenses | 569 | 409 |
| Tax effect of non-taxable income | (9) | (45) |
| – Share of profits of an associate | (9) | (45) |
| Tax effect on bonus deduction of research and development costs (<i>Note (iv)</i>) | (4,964) | (4,023) |
| Effect of tax losses not recognised | 951 | 2,046 |
| Effect of using the deductible losses for which no deferred tax asset was recognised in previous years | (1,770) | - |
| Tax concessions (<i>Note (v)</i>) | (2,128) | (1,294) |
| Actual tax expense | 1,445 | 3,793 |

Notes:

- (i) The two-tiered profits tax rates regime of the subsidiaries of the Group incorporated in Hong Kong is applicable from the year of assessment 2019/20 onwards. The profits tax rate for the first Hong Kong Dollars (“**HK\$**”) 2,000,000 of profits of corporations will be lowered to 8.25%, and profits above that amount will continue to be subject to the tax rate of 16.5%.
- (ii) The Company and the subsidiaries of the Group incorporated outside of the PRC are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (iii) The subsidiaries of the Group established in Mainland China are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 March 2023 (2022: 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% before 30 September 2022 and after that an additional 100% 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 (北京艾普智城網絡科技有限公司), 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 18 October 2022 to 17 October 2025.

8. DIRECTORS' EMOLUMENTS

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

| | 2023 | | | | |
|--|-----------------|---|---------------------------------|----------------------|----------------|
| | Directors' fees | Salaries, allowances and benefits in-kind | Retirement scheme contributions | Share-based payments | Total |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Executive Directors | | | | | |
| Mr Wang Dongbin | 315 | 467 | 57 | - | 839 |
| Mr Wu Hongyuan | 105 | 720 | 59 | - | 884 |
| Mr Li Kangying | 315 | 450 | - | - | 765 |
| Mr Wu Zhanjiang | 105 | 661 | 57 | - | 823 |
| Independent non-executive Directors | | | | | |
| Mr Ng Kong Fat | 105 | - | - | - | 105 |
| Mr Han Bin | 105 | - | - | - | 105 |
| Mr Wang Peng | 105 | - | - | - | 105 |
| | 1,155 | 2,298 | 173 | - | 3,626 |
| | 2022 | | | | |
| | Directors' fees | Salaries, allowances and benefits in-kind | Retirement scheme contributions | Share-based payments | Total |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Executive Directors | | | | | |
| Mr Wang Dongbin | 292 | 481 | 53 | - | 826 |
| Mr Wu Hongyuan | 97 | 700 | 53 | - | 850 |
| Mr Li Kangying | 292 | 450 | - | - | 742 |
| Mr Wu Zhanjiang | 97 | 642 | 53 | - | 792 |
| Independent non-executive Directors | | | | | |
| Mr Ng Kong Fat | 97 | - | - | 5 | 102 |
| Mr Han Bin | 97 | - | - | 5 | 102 |
| Mr Wang Peng | 97 | - | - | 5 | 102 |
| | 1,069 | 2,273 | 159 | 15 | 3,516 |

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

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2022: two) are Directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

| | 2023 | 2022 |
|---------------------------------|---------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Salaries and other emoluments | 2,437 | 2,509 |
| Retirement scheme contributions | 176 | 156 |
| | <u>2,613</u> | <u>2,665</u> |

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

| | 2023 | 2022 |
|--|-------------|------|
| Hong Kong dollars (“HKD”) Nil to HKD1,000,000 | 3 | 1 |
| Hong Kong dollars (“HKD”) HKD1,000,001 to HKD1,500,000 | - | 2 |

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

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company of RMB32,570,000 (2022: RMB22,021,000) and the weighted average of 495,415,177 ordinary shares (2022: 495,415,177 shares) in issue during the year ended 31 March 2023.

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

| | 2023 | 2022 |
|--|---------------------------|--------------------|
| Number of shares in issue at 1 April | 503,927,177 | 503,927,177 |
| Effect of shares repurchased | (8,512,000) | (8,512,000) |
| Weighted average number of shares in issue | <u>495,415,177</u> | <u>495,415,177</u> |

(b) Diluted earnings per share

No diluted earnings per share for the year ended 31 March 2023 was presented as there were no potential ordinary shares in existence during this year.

11. PROPERTY, PLANT AND EQUIPMENT

| | Motor vehicles, office equipment and other equipment <i>RMB'000</i> | Leasehold improvement <i>RMB'000</i> | Right-of-use assets <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|--|--|-------------------------|
| Cost: | | | | |
| At 1 April 2021 | 1,978 | 25,139 | 1,504 | 28,621 |
| Additions | 128 | - | - | 128 |
| Disposals | (186) | - | - | (186) |
| At 31 March 2022 | 1,920 | 25,139 | 1,504 | 28,563 |
| Additions | 146 | - | 1,998 | 2,144 |
| Disposals | - | - | (742) | (742) |
| At 31 March 2023 | 2,066 | 25,139 | 2,760 | 29,965 |
| Less: Accumulated depreciation: | | | | |
| At 1 April 2021 | 1,128 | 3,895 | 356 | 5,379 |
| Charge for the year | 397 | 1,028 | 625 | 2,050 |
| Written back on disposals | (180) | - | - | (180) |
| At 31 March 2022 | 1,345 | 4,923 | 981 | 7,249 |
| Charge for the year | 291 | 1,028 | 622 | 1,941 |
| Written back on disposals | - | - | (742) | (742) |
| At 31 March 2023 | 1,636 | 5,951 | 861 | 8,448 |
| Less: Impairment loss: | | | | |
| At 1 April 2021, 31 March 2022 and 2023 | - | 13,618 | - | 13,618 |
| Net book value: | | | | |
| At 31 March 2023 | 430 | 5,570 | 1,899 | 7,899 |
| At 31 March 2022 | 575 | 6,598 | 523 | 7,696 |

The leasehold improvement mainly represents that one of the Group's subsidiaries has entered into an agreement with the Committee on Economy and Informatisation of Mentougou District to obtain the right of use of light poles for 10 years. The subsidiary renovated the poles to provide smart city infrastructure service.

For the year ended 31 March 2023, management has performed an impairment assessment of the Cash Generating Units ("CGU") of leasehold improvement based on the prevailing circumstances and determined the recoverable amount of the CGU of leasehold improvement by using discounted cash flow techniques. No further impairment was recognised in 2023 (2022: Nil).

12. INTANGIBLE ASSETS

| | Software and patents RMB'000 |
|---|---|
| Cost: | |
| At 1 April 2021 | 98,280 |
| Additions | 2,938 |
| | <hr/> |
| At 31 March 2022 | 101,218 |
| Additions | - |
| | <hr/> |
| At 31 March 2023 | <u>101,218</u> |
| Less: Accumulated amortisation: | |
| At 1 April 2021 | 48,213 |
| Charge for the year | 11,425 |
| | <hr/> |
| At 31 March 2022 | 59,638 |
| Charge for the year | 10,327 |
| | <hr/> |
| At 31 March 2023 | <u>69,965</u> |
| Less: Impairment losses: | |
| At 1 April 2021, 31 March 2022 and 2023 | <u>22,418</u> |
| Net book value: | |
| At 31 March 2023 | <u>8,835</u> |
| At 31 March 2022 | <u>19,162</u> |

Management has performed an impairment assessment of intangible assets based on the prevailing circumstances, and determined the recoverable amount of the intangible assets by using discounted cash flow techniques. No further impairment was recognised in 2023 (2022: Nil).

As at 31 March 2023, intangible assets of RMB797,000 have been pledged to Beijing Haidian Sci-tech Enterprises Financing Guarantee for bank borrowings to the Group.

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

13. INVESTMENTS IN SUBSIDIARIES

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

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

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

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

14. INTEREST IN AN ASSOCIATE

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

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

English translation for identification only.

Summarised information of the associate:

| | 2023 RMB'000 | 2022 RMB'000 |
|--|-----------------|-----------------|
| Amounts of associate in the consolidated financial statements | | |
| Gains from continuing operations | 99 | 489 |
| Total comprehensive income | <u>99</u> | <u>489</u> |

15. INVENTORIES AND CONTRACT COSTS

| | 2023 RMB'000 | 2022 RMB'000 |
|------------------------------------|-----------------|-----------------|
| Products | - | 4 |
| Software systems under development | <u>19,425</u> | <u>14,470</u> |
| | <u>19,425</u> | <u>14,474</u> |

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

| | 2023 RMB'000 | 2022 RMB'000 |
|---------------------------|-----------------|-----------------|
| Cost of inventories sold | 354,132 | 287,484 |
| Write-down of inventories | <u>-</u> | <u>658</u> |
| | <u>354,132</u> | <u>288,142</u> |

16. CONTRACT ASSETS

| | 2023 RMB'000 | 2022 RMB'000 |
|---|-----------------|-----------------|
| Arising from performance under contracts with customers | 62,038 | 48,910 |
| Less: loss allowance | <u>1,034</u> | <u>857</u> |
| | <u>61,004</u> | <u>48,053</u> |

The amount of contract assets that is expected to be recovered after more than one year is RMB2,165,000 at 31 March 2023 (31 March 2022: RMB4,969,000), all of which relates to retentions. All of the other contracts assets are expected to be recovered within one year.

17. TRADE AND BILL RECEIVABLES

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| Trade receivables | 406,239 | 305,004 |
| Bill receivables (<i>Note</i>) | 583 | 6,800 |
| | <u>406,822</u> | <u>311,804</u> |
| Less: loss allowance | 25,029 | 16,353 |
| | <u>381,793</u> | <u>295,451</u> |

Note: As at 31 March 2023, trade receivables of RMB40,029,000 have been pledged to Beijing Haidian Sci-tech Enterprises Financing Guarantee for bank borrowings to the Group.

(a) Ageing analysis

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

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|------------------|------------------------|------------------------|
| Less than 1 year | 356,576 | 272,653 |
| 1 to 2 years | 21,533 | 17,057 |
| 2 to 3 years | 3,684 | 5,741 |
| Over 3 years | - | - |
| | <u>381,793</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.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---------------------------------------|------------------------|------------------------|
| Amounts due from a related party | 38 | 38 |
| Prepayment for technical service fee | 13,651 | 1,394 |
| Staff advances and other deposits | 4,442 | 4,535 |
| Prepayment for miscellaneous expenses | 1,199 | 1,050 |
| Others | 799 | 875 |
| | <u>20,129</u> | <u>7,892</u> |
| Less: loss allowance | 2,473 | 1,833 |
| | <u>17,656</u> | <u>6,059</u> |

All of other trade and other receivables are expected to be recovered or recognised as expense within one year.

19. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|---------------------------|------------------------|------------------------|
| Cash at bank and on hand | 55,517 | 37,924 |
| Less: restricted cash | - | 9,327 |
| Cash and cash equivalents | <u>55,517</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 at 31 March 2023, nil (31 March 2022: RMB9,327,000) of bank balance which has been pledged for the loan from the bank.

20. TRADE PAYABLES

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Trade payables to related parties | 4,066 | 2,728 |
| Trade payables to third parties | <u>132,616</u> | <u>92,499</u> |
| | <u>136,682</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:

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|------------------|------------------------|------------------------|
| Less than 1 year | 114,885 | 71,831 |
| 1 to 2 years | 11,102 | 21,388 |
| 2 to 3 years | 9,333 | 1,361 |
| Over 3 years | <u>1,362</u> | <u>647</u> |
| | <u>136,682</u> | <u>95,227</u> |

21. OTHER PAYABLES AND ACCRUALS

| | 2023 <i>RMB'000</i> | 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 | 23,311 | 15,102 |
| Payables for staff related costs | 15,093 | 6,347 |
| Lease liabilities (within 1 year) | 1,229 | 615 |
| Others | <u>8,304</u> | <u>5,013</u> |
| | <u>58,095</u> | <u>37,490</u> |

Note: As at 31 March 2023, amounts due to a third party are unsecured, interest-free and repayable within one year.

22. BANK LOANS

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Within 1 year or on demand | | |
| - Short-term bank loans, secured (<i>Note (i)</i>) | 68,500 | 44,705 |
| - Short-term bank loans, unsecured | 2,131 | 2,815 |
| After 1 year but within 2 years | | |
| - Long-term bank loans, secured (<i>Note (ii)</i>) | 3,000 | - |
| | 73,631 | 47,520 |

Notes:

- (i) As at 31 March 2023, the secured short-term bank loans comprises the following:
- The bank loan of RMB5,000,000 is jointly guaranteed by the executive Directors and director's spouse and Beijing Haidian Sci-tech Enterprises Financing Guarantee Co., Ltd.;
 - The bank loan of RMB4,500,000 is jointly guaranteed by the executive Director and Director's spouse and Beijing Guohua Wenke Financing Guarantee Co., Ltd.;
 - The bank loan of RMB4,000,000 is guaranteed by Beijing Yizhuang International Financing Guarantee Co., Ltd.;
 - The bank loan of RMB4,000,000 is guaranteed by Beijing Zhongguancun Technology Financing Guarantee Co., Ltd.;
 - The bank loan of RMB20,000,000 is guaranteed by the executive Directors and a founder;
 - The bank loan of RMB6,000,000 is guaranteed by the founder;
 - The bank loan of RMB5,000,000 is guaranteed by the executive directors and director's spouse;
 - The bank loan of RMB20,000,000 is guaranteed by Beijing Shouchuang Financing Guarantee Co., Ltd.;
- (ii) As at 31 March 2023, the bank loan RMB3,000,000 is guaranteed by Beijing Shouchuang Financing Guarantee Co., Ltd..

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times throughout the Year as required under the Listing Rules.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH THE MODEL CODE OF FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. In response to specific enquiries made, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout the Year.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "**AGM**") of the Company will be held on Friday, 15 September 2023. Shareholders of the Company should refer to the details regarding the AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 12 September 2023 to Friday, 15 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 11 September 2023 (Hong Kong time), being the last registration date.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were approximately 538 as at 31 March 2023 (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. For the Year, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately RMB104.1 million (2022: approximately RMB38.7 million).

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with such requirements. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all applicable laws and regulations in the PRC and Hong Kong in all material respects during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. It delivers quality products and services to its customers by managing its businesses prudently, while executing management decisions with due care and attention. The Group demonstrates a strong sense of corporate social responsibility and believes such a commitment helps strengthen its relationship with the community. Operating as a sound corporate citizen through sponsorship and supporting social-responsible projects at company level, the Group is committed to bringing positive impact to the general welfare of the community.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Company and audited by the independent auditor of the Company, KPMG, a Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance. The unqualified independent auditor's report will be included in the Annual Report to shareholders.

The figures set out in the preliminary announcement of the Group's results in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes for the Year have been compared by the Company's auditor, KPMG, a Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance, to the amounts set out in the Group's audited consolidated financial statements for the Year. The auditor of the Company, KPMG, found that the figures set out in the Group's preliminary annual results in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes for the Year contained in this announcement are in agreement with the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor for this announcement.

EVENTS AFTER REPORTING PERIOD

Other than as disclosed elsewhere in this announcement, from 1 April 2023 to the date of this announcement, no significant events occurred after the Year that may affect the Group.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual 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 2023 annual report of the Company will be despatched to the Company's shareholders in due course and will also be available at the websites above.

APPRECIATION

The Board would like to present its great appreciation to the management 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 Dongbin
Chairman

Beijing, PRC, 19 June 2023

As at the date of this announcement, the Board of the Company comprises Mr. Wang Dongbin, Mr. Wu Zhanjiang, Mr. Wu Hongyuan and Mr. Li Kangying as the executive Directors, and Mr. Ng Kong Fat, Mr. Han Bin and Mr. Wang Peng as the independent non-executive Directors.