THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in OneForce Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1933)

MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE TARGET COMPANY INVOLVING
ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE

Independent Financial Adviser to
The Independent Board Committee and the Independent Shareholders

ASTRUM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

The letter from the Board is set out on pages 7 to 23 of this circular and the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 24 of this circular. The letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 55 of this circular.

The notice convening the EGM to be held at 9/F, Block E, No. 9 3rd Shangdi Street, Beijing, China, at 10:00 a.m. on Wednesday, 30 January 2019 is set out on pages 114 to 115 of this circular. The form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to read the notice, complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the EGM or any adjournment thereof (no later than 10:00 a.m. on Monday, 28 January 2019 (Hong Kong time)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

15 January 2019

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Share by the Purchaser from the Vendors pursuant to the terms and conditions of the Agreement
"Agreement"	the conditional sale and purchase agreement dated 29 November 2018 and entered into between the Purchaser, the Vendors and the Target Company in respect of the Acquisition
"Aige Reide"	北京艾格瑞德科技有限公司 (Beijing Aige Reide Technology Company Limited*), a company established in the PRC with limited liability which was owned by Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25%, 25%, 25% and 25%, respectively as at the Latest Practicable Date
"Aipu Zhicheng"	北京艾普智城網絡科技有限公司 (Beijing Aipu Zhicheng Internet Technology Company Limited*), a company established in the PRC with limited liability, which was wholly owned by Aige Reide as at the Latest Practicable Date
"Announcement"	the announcement of the Company dated 29 November 2018 in relation to, among others, the Acquisition
"associates"	has the meaning ascribed to it under the Listing Rules
"Beikong Zhike"	北京北控智科能源互聯網有限公司 (Beijing Beikong Zhike Energy Internet Company Limited*), a company established in the PRC with limited liability, which was owned by Aipu Zhicheng and three Independent Third Parties as to approximately 30% and approximately 70% in aggregate as at the Latest Practicable Date (according to the articles of Beikong Zhike, before all registered capital have been paid up, each of its equity holders is entitled to share any distribution or equity holder's right of Beikong Zhike in proportion to their respective contributed capital. As such, in proportion to their respective actual capital contribution up to the Latest Practicable Date, Aipu Zhicheng and three Independent Third Parties were entitled to share approximately 38.9% and 61.1% of any distribution and equity holder's right of Beikong Zhike respectively as at the Latest Practicable Date)

"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for general business during their normal business hours
"BVI"	the British Virgin Islands
"Company"	OneForce Holdings Limited (元力控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1933)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Condition(s)"	the condition(s) precedent to the Completion
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	RMB75 million (equivalent to approximately HK$86.55 million), being the consideration for the Sale Share
"Consideration Shares"	the new Shares to be allotted and issued by the Company to Great Attain as payment of the Consideration
"Director(s)"	the director(s) of the Company from time to time
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"Great Attain"	Great Attain International Limited, an investment holding company incorporated in the BVI and was owned by Smart East and Long Eagle as to 50% respectively as at the Latest Practicable Date and will be owned as to 25% by each of Smart East, Long Eagle, Main Wealth and Union Sino immediately before Completion pursuant to the Reorganisation

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HK Company"	MAIN SMART (H.K.) LIMITED (明安(香港)有限公司), a company incorporated in Hong Kong with limited liability and wholly owned by APEX CITY INTERNATIONAL LIMITED which, in turn, was owned by each of Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25% respectively as at the Latest Practicable Date
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"internet of things" or "IoT"	a network of devices that contains electronics, software and connectivity which allows these devices to connect, interact and exchange data
"IIoT"	the industrial internet of things, which is the use of internet of things technologies to enhance manufacturing and industrial processes
"IIoT gateway(s)"	physical devices or software programs that serve as the connection point between the centralised management systems, controllers, sensors and intelligent devices; it can be applied in the construction of smart city-related IoT infrastructures, and can also be applied in industrial settings to create IIoT infrastructures to enhance manufacturing and industrial processes
"Independent Board Committee"	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Ng Kong Fat, Mr. Han Bin and Mr. Wang Peng, which has been formed to advise the Independent Shareholders in respect of the Acquisition and the grant of the Specific Mandate
"Independent Financial Adviser"	Astrum Capital Management Limited, a licensed corporation permitted to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the grant of the Specific Mandate

"Independent Shareholders"	Shareholders other than Smart East, Long Eagle, Main Wealth and Union Sino and their respective associates and parties acting in concert with any of them and the Shareholder(s) who is/are involved in or interested in the Agreement and the transactions contemplated thereunder
"Independent Third Party(ies)"	independent third party(ies) who is(are) independent of the Company and its connected persons
"Intermediate Holding Company(ies)"	one or more companies to be established in the PRC and which will act as the intermediate holding company(ies) and which will wholly own the entire equity interest of Aipu Zhicheng upon completion of the Reorganisation
"Issue Price"	the issue price of HK$0.68 per Consideration Share
"Last Trading Day"	29 November 2018, being the last day of trading of the Shares on the Stock Exchange prior to the signing of the Agreement
"Latest Practicable Date"	10 January 2019, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Eagle"	LONG EAGLE INTERNATIONAL LIMITED, a company incorporated in the BVI with limited liability, which was wholly owned by Mr. Cao as at the Latest Practicable Date
"Main Wealth"	MAIN WEALTH DEVELOPMENT LIMITED, a company incorporated in the BVI with limited liability, which was wholly owned by Mr. Li as at the Latest Practicable Date
"Mr. Cao"	Mr. Cao Wei (曹瑋), a Substantial Shareholder
"Mr. Li"	Mr. Li Kangying (李抗英), an executive Director and a Substantial Shareholder
"Mr. Wang"	Mr. Wang Dongbin (王東斌), an executive Director, chairman of the Board and a Substantial Shareholder

"Mr. Wu"	Mr. Wu Zhanjiang (吳戰江), an executive Director and a Substantial Shareholder
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 12 February 2018
"Purchaser"	the Company
"Reorganisation"	reorganisation of the Target Group to the effect that 100% equity interest in Aipu Zhicheng will be transferred to and be wholly owned by the Target Company before Completion as described in the paragraph headed "Reorganisation" in this circular
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Share"	one share in the Target Company, representing 100% of the issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"smart city"	the materialisation of intelligent management and operation of cities via new generation information technologies, such as internet of things, cloud computing and big data, for more convenient life of people and encouraging sustainable development of cities
"smart city-related IoT infrastructures"	city infrastructures which are embedded with smart sensing technologies and connected to centralised management systems which allow for real-time data acquisition and analysis

"Smart East"	SMART EAST LIMITED, a company incorporated in the BVI with limited liability which was wholly owned by Mr. Wang as at the Latest Practicable Date
"Specific Mandate"	the specific mandate to be obtained by the Board from the Independent Shareholders at the EGM for the allotment and issue of the Consideration Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Great Progress International Limited, a company incorporated in the BVI with limited liability and wholly owned by Great Attain as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiaries upon completion of the Reorganisation
"Union Sino"	UNION SINO HOLDINGS LIMITED, a company incorporated in the BVI with limited liability, which was wholly owned by Mr. Wu as at the Latest Practicable Date
"Vendors"	comprise Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Smart East, Long Eagle, Main Wealth, Union Sino, Great Attain and Aige Reide
"%"	per cent.

* *For identification purposes only*

In this circular, amounts in RMB are translated into HK$ on the basis of RMB1 = HK$1.154. The conversion rates are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK$ at such rate or at other rates or at all.

OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1933)

Executive Directors:
Wang Dongbin
Wu Hongyuan
Li Kangying
Wu Zhanjiang

Independent non-executive Directors:
Ng Kong Fat
Han Bin
Wang Peng

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Place of Business in PRC:
Flat 903, Block E No. 9
3rd Shangdi Street Haidian District
Beijing, The People's Republic of China

15 January 2019

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide the Shareholders with (i) further details of the Acquisition; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition and the grant of the Specific Mandate; (iii) the letter of advice from the Independent Financial Adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the grant of the Specific Mandate; (iv) the financial information of the Group and the Target Group; and (v) a notice convening the EGM.

I. THE ACQUISITION

Introduction

The Board is pleased to announce that on 29 November 2018 (after trading hours), the Purchaser, the Vendors and the Target Company entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in the Target Company at the consideration of RMB75 million (equivalent to approximately HK$86.55 million), which will be satisfied by way of the allotment and issue of 124,191,177 Consideration Shares as at the issue price of HK$0.68 per Consideration Share by the Company to Great Attain. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

The Agreement

Date:	29 November 2018 (after trading hours)
Parties:	
Target Company:	The Target Company
Purchaser:	The Company
Vendors:	Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Smart East, Long Eagle, Main Wealth, Union Sino, Great Attain and Aige Reide

To the best knowledge, information and belief of the Directors, each of Mr. Wang, Mr. Wu and Mr. Li is a Director and a Substantial Shareholder and Mr. Cao is a Substantial Shareholder. Each of Smart East, Long Eagle, Main Wealth and Union Sino is an investment holding company established in the BVI wholly owned by each of Mr. Wang, Mr. Cao, Mr. Li and Mr. Wu respectively.

Aige Reide is an investment holding company established in the PRC with limited liability which was owned by Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25%, 25%, 25% and 25%, respectively as at the Latest Practicable Date. Great Attain is an investment holding company incorporated in the BVI and was owned by Smart East and Long Eagle as to 50% respectively as at the Latest Practicable Date.

Assets to be acquired:

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company. Further details of the Target Group are set out in the paragraph headed "Information of the Vendors and the Target Group" below.

Consideration

The Consideration is RMB75 million (equivalent to approximately HK$86.55 million) and shall be satisfied by the Company by way of the allotment and issue of 124,191,177 Consideration Shares to Great Attain, a company incorporated in the BVI and which will be owned as to 25% by each of Smart East, Long Eagle, Main Wealth and Union Sino immediately before Completion, at the issue price of HK$0.68 per Consideration Share. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

The 124,191,177 Consideration Shares, when all allotted and issued, will represent:

(i) approximately 32.590% of the issued Shares as at the date of the Latest Practicable Date; and

(ii) approximately 24.580% of the issued Shares as enlarged by the allotment and issuance of the Consideration Shares.

The issue price of HK$0.68 per Consideration Share represents:

(i) a premium of approximately 21.43% over the closing price of HK$0.56 per Share on the Last Trading Day;

(ii) a premium of approximately 21.86% over the average closing price of HK$0.558 per Share in the last five consecutive trading days immediately prior to the Last Trading Day;

(iii) a premium of approximately 23.64% over the closing price of HK$0.55 per Share on the Latest Practicable Date; and

(iv) a premium of approximately 23.19% over the net asset value per Share of approximately HK$0.552 as at 30 September 2018, which is based on the interim report of the Group for the six months ended 30 September 2018 and 381,072,000 issued Shares as at the Last Trading Day.

The Consideration was determined after arm's length negotiations between the Company and the Vendors, with reference to, among others, the valuation of Aipu Zhicheng as at 30 September 2018 as appraised by the independent valuer engaged by the Company, namely Unicorn Consulting and Appraisal Limited. The independent valuer has conducted an independent due diligence and an on-site inspection and considers that (i) Aipu Zhicheng is one of the pioneers in the industry of smart city, and therefore comparable transaction or the comparable listed company in the market which is highly similar or highly comparable to the business of Aipu Zhicheng could hardly be identified; and (ii) Aipu Zhicheng itself does not have a long and stable financial track record that market participant can rely on and make a reliable financial forecast of future cash flows. Based on the reasons above, the independent valuer has adopted the asset approach, instead of the market approach or the income approach in respect of the valuation of Aipu Zhicheng.

In accordance with the International Valuation Standards (2017 Edition), the asset approach can be applied in the case of early stage or start-up businesses where profits and/or cash flow cannot be reliably determined, and adequate market information is available on the entity's assets. Given that Aipu Zhicheng has not yet generated stable revenue and is still at its early start-up phase, the independent valuer considers that the asset approach is the most appropriate approach in valuing the equity interest of Aipu Zhicheng.

Asset approach refers to the valuation of equity interest by valuing each of the items on the assets of Aipu Zhicheng, the sum of which represents the value of Aipu Zhicheng and equals to the value of its invested capital (i.e. equity and debt capital). In other words, the value of Aipu Zhicheng is represented by the money that has been made available to purchase the business assets of Aipu Zhicheng. Therefore, the value of the equity interest of Aipu Zhicheng refers to the value of its assets after deduction of its liabilities (i.e. net asset value).

The Directors have discussed with the independent valuer and agreed with the adoption of the asset approach for the valuation of Aipu Zhicheng.

Under the asset approach, the independent valuer has performed its due diligence on all balance sheet items of Aipu Zhicheng and derived the net asset value of Aipu Zhicheng. The major components of assets of Aipu Zhicheng are intangible assets and property, plant and equipment. The intangible assets contain primarily software copyrights in relation to certain communication technologies and smart city infrastructure technologies and capitalisation of the research and development costs of the patents developed by Aipu Zhicheng. The property, plant and equipment include a) motor vehicles, office equipment and other equipment; and b) lease hold improvement. The outcome of the valuation indicates that the market value of Aipu Zhicheng as of 30 September 2018 was approximately RMB75.7 million.

The Directors (other than the independent non-executive Directors whose views are set out in the ''Letter from the Independent Board Committee'' to this circular) consider that the Consideration is fair and reasonable and the Agreement is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. The issue price of HK$0.68 per Consideration Share was determined after arm's length negotiations among the parties taking into account, among other things, the prevailing market performance of the Shares and interests of the Company's stakeholders as a whole. Having considered the abovementioned factors, the Directors (other than the independent non-executive Directors whose views are set out in the ''Letter from the Independent Board Committee'' to this circular) consider that the issue price is fair and reasonable under the present market conditions and the allotment and issue of the Consideration Shares at a premium over the current trading price of the Shares is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM. The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the Shares then in issue. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions

Completion is conditional upon the fulfillment or waiver (as the case may be) of the following Conditions:

(i) all necessary licenses, consents and approvals required to be obtained for the Acquisition from the Stock Exchange, the SFC, any government and/or regulatory organisations by each of the Target Group, the Purchaser, and the Vendors having been obtained, including but not limited to any consents and approvals required under the laws of Cayman Islands, and any waiver that needed to be sought from the Stock Exchange and (if applicable) the SFC regarding the compliance of the relevant rules and regulations;

(ii) the Company being satisfied there being no material changes or circumstances that may have breached or cause breaching of the representations and warranties made by the Vendors in the Agreement, and the Vendors having satisfied all obligations on their part under the Agreement;

(iii) each of the Vendors and/or the Target Group having obtained all necessary approvals from the relevant regulatory authorities in the PRC (if applicable) in relation to the Reorganisation (as described in the paragraph headed "Reorganisation" below);

(iv) completion of the Reorganisation (as described in the paragraph headed "Reorganisation" below);

(v) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;

(vi) the passing of the resolution(s) by the Independent Shareholders at the EGM to approve the Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate;

(vii) the Company being satisfied with the PRC legal opinion on the Acquisition issued by a PRC legal adviser appointed by the Company;

(viii) the Company being satisfied with the results of the due diligence, including but not limited to the assets and liabilities, and business of the Target Group; and

(ix) the Company being satisfied with the valuation report on the Target Group issued by the independent valuer appointed by the Company.

Conditions (i), (iii), (iv), (v) and (vi) set out above cannot be waived by any party under the Agreement. Save as aforesaid, other Conditions set out above can be waived with mutual agreement between the Purchaser and the Vendors.

If any of the above Conditions is not fulfilled or waived (as the case may be) by 30 June 2019 (or such later date as the parties to the Agreement may agree in writing), the Agreement shall terminate and no party to the Agreement shall have any further obligations towards the other(s) thereunder except for any antecedent breaches.

As at the Latest Practicable Date, none of the above conditions precedent have been fulfilled (or waived).

Completion

Completion shall take place on the fifth Business Day (or such later date as the parties to the Agreement may agree in writing) after all the Conditions have been fulfilled (or waived, as the case may be).

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

II. INFORMATION OF THE GROUP

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 electric power distribution companies in the PRC and the sale of hardware.

III. INFORMATION OF THE VENDORS AND THE TARGET GROUP

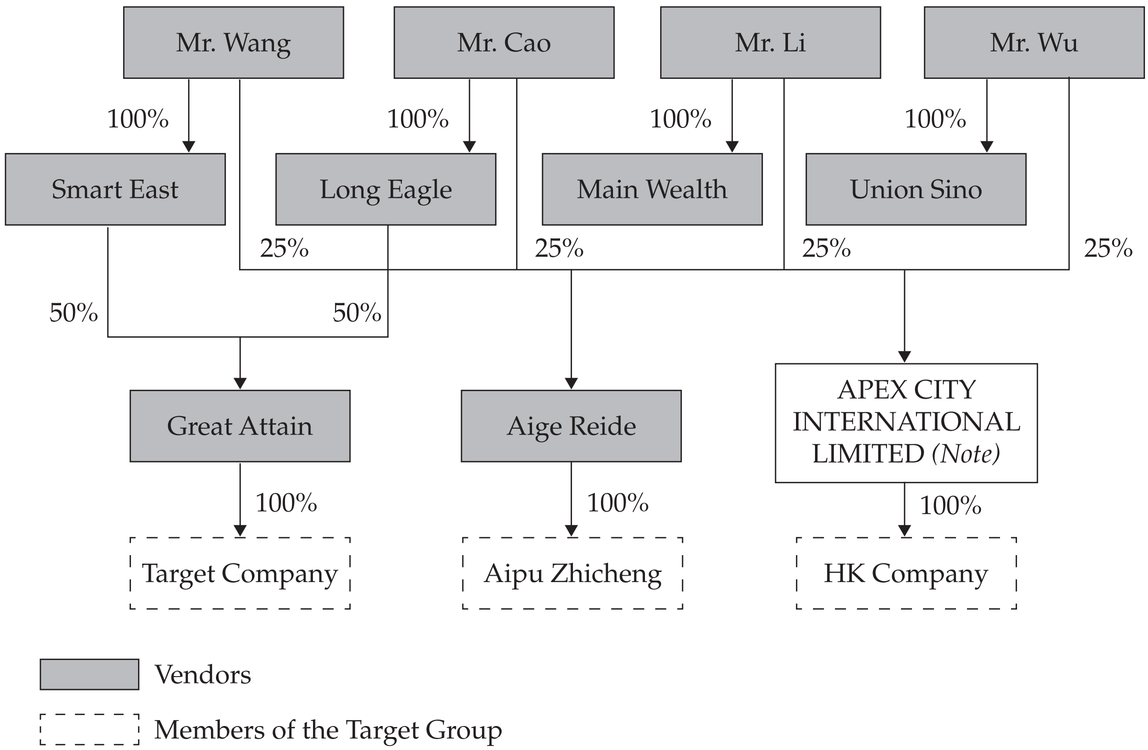
The Vendors comprised Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Smart East, Long Eagle, Main Wealth, Union Sino, Great Attain and Aige Reide.

Each of Mr. Wang, Mr. Wu and Mr. Li is a Director and a Substantial Shareholder and Mr. Cao is a Substantial Shareholder. As at the Latest Practicable Date, each of Smart East, Long Eagle, Main Wealth and Union Sino was an investment holding company established in the BVI wholly owned by each of Mr. Wang, Mr. Cao, Mr. Li and Mr. Wu respectively.

Aige Reide is an investment holding company established in the PRC with limited liability which was owned by Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25%, 25%, 25% and 25%, respectively as at the Latest Practicable Date.

Great Attain is an investment holding company incorporated in the BVI and was owned by Smart East and Long Eagle as to 50% respectively as at the Latest Practicable Date.

The shareholding structure of the Target Group as at the Latest Practicable Date is set out below:



Note: APEX CITY INTERNATIONAL LIMITED is an investment holding company incorporated in the BVI and owned by each of Mr. Wang, Mr. Cao, Mr. Li and Mr. Wu as to 25% respectively as at the Latest Practicable Date.

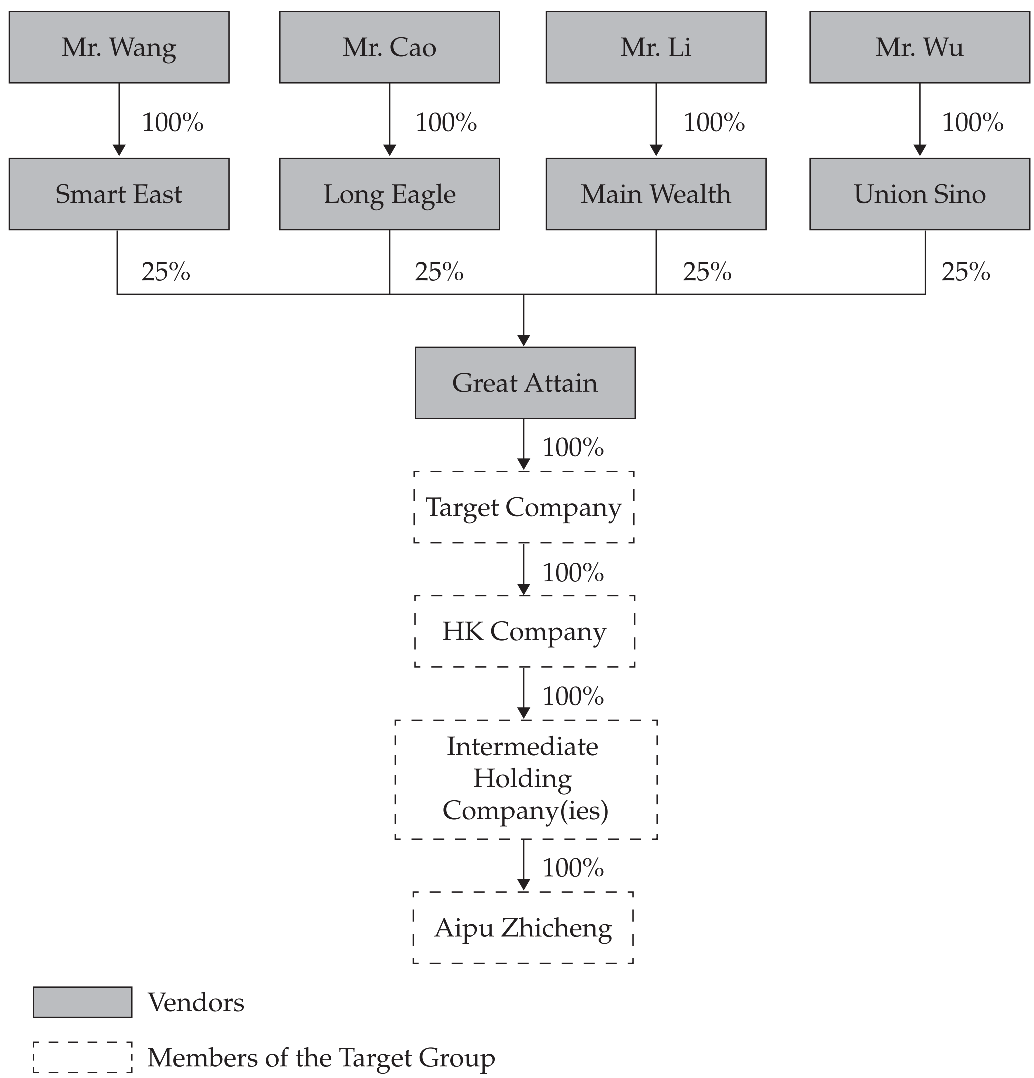
To the best knowledge, information and belief of the Directors, the Target Company is an investment holding company incorporated in the BVI and was wholly owned by Great Attain as at the Latest Practicable Date.

To the best knowledge, information and belief of the Directors, Aipu Zhicheng is a company established in the PRC with limited liability which was wholly owned by Aige Reide, and ultimately owned by each of Mr. Cao, Mr. Li, Mr. Wang and Mr. Wu as to 25% respectively, as at the Latest Practicable Date.

As at the Latest Practicable Date, Aipu Zhicheng was principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of IIoT gateway ("**PI Point**"), which is an electric power and information hub embedded with its self-developed technology. Technologies and devices developed by Aipu Zhicheng, such as iPole (as defined in the paragraph headed "Reasons for and benefits of the Acquisition" below) and PI Point, serve to transform the existing city infrastructures (such as lampposts for the case of iPole) and connect them to centralised management systems in order to enable city-scale intelligent management and operations of city infrastructure and public utilities. Aipu Zhicheng is the holder of 30% equity interests in Beikong Zhike (according to the articles of Beikong Zhike, before all registered capital have been paid up, each of its equity holders is entitled to share any distribution or equity holder's right of Beikong Zhike in proportion to their respective contributed capital. As such, in proportion to their respective actual capital contribution up to the Latest Practicable Date, Aipu Zhicheng was entitled to share approximately 38.9% of any distribution and equity holder's right of Beikong Zhike as at the Latest Practicable Date), whose principal business is the design, implementation and operation of smart city-related IoT infrastructures. Please refer to the paragraph headed "Reasons for and benefits of the Acquisition" below for further details of the business of Aipu Zhicheng.

Reorganisation

Pursuant to the Agreement, it is one of the Conditions that the Target Group shall complete the Reorganisation whereby 100% of the equity interest in Aipu Zhicheng shall be transferred to and owned by the Target Company before Completion. The structure of the Target Group after completion of the Reorganisation and immediately before Completion and its shareholding is set out below:



As part of the Reorganisation, HK Company and Intermediate Holding Company(ies) will be acquired/established. HK Company is an investment holding company incorporated in Hong Kong and is currently wholly owned by APEX CITY INTERNATIONAL LIMITED, which in turn, is owned by each of Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25% respectively. HK Company will be acquired by the Target Company and become a wholly owned subsidiary of the Target Company. The Intermediate Holding Company(ies) will be established in the PRC with limited liability and which will be wholly owned by the HK Company. As part of the Reorganisation, the Intermediate Holding Company(ies) will acquire the entire equity interest of Aipu Zhicheng so that upon completion of the Reorganisation, 100% of the equity interest of Aipu Zhicheng will be owned by the Intermediate Holding Company(ies) which in turn will be indirectly wholly owned by the Target Company.

Financial information

Set out below is the financial information of Aipu Zhicheng for the two years ended 31 December 2017 and the nine months ended 30 September 2018 and as at 30 September 2018:

	For the year ended 31 December 2016 *(RMB'000)*	**For the year ended 31 December 2017** *(RMB'000)*	**For the nine months ended 30 September 2018** *(RMB'000)*
(Loss) or profit before taxation	(1,087)	92	(2,093)
(Loss) or profit after taxation	(1,087)	92	(1,386)

	As at 30 September 2018 *(RMB'000)*
Net assets	73,931

For further details of the financial information of Aipu Zhicheng, please refer to Appendix II to this circular.

The Target Company was an investment holding company incorporated in October 2018. No financial information was available for the Target Company as at the date of this circular.

IV. REASONS FOR AND BENEFITS OF THE ACQUISITION

To the best knowledge, information and belief of the Directors, Aipu Zhicheng is principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of PI Point.

As set out in the paragraph headed "Relationship with our Founding Shareholders" in the Prospectus, Aipu Zhicheng was principally engaged in the investment, construction and operation of smart city infrastructure in the PRC which includes, among others, the development and construction of lampposts network infrastructure with integrated smart control and wifi stations at the relevant time and its business of smart city infrastructure was principally based on a number of smart city infrastructure technologies which are based on lamppost network infrastructure ("**iPole**"). iPole is a technology, via connecting electric power supply from the existing lampposts network with the optic fiber network, to transform the city's existing street lampposts into network access points. So far as the Directors understand, the then business of Aipu Zhicheng was based on a public-private-partnership business model under which Aipu Zhicheng will cooperate with government or other authorities in the PRC which owns or operates lampposts and which intends to set up a network via lampposts, Aipu Zhicheng will undertake the related work at its own costs and when the network is set up, it will receive service fees from those entities which connect their external devices or facilities (such as surveillance cameras, air quality monitoring devices, etc.) to such network. Under such business model, Aipu Zhicheng will incur capital expenditure for the setting up of the network while it will receive service fees from users of the network after it is set up. Therefore, as stated in the Prospectus, Mr. Wang, Mr. Li, Mr. Wu and Mr. Cao (the "**Founding Shareholders**") considered that there were fundamental differences between the core technologies, business models and target customers of the Group and Aipu Zhicheng at the relevant time. Accordingly, the Founding Shareholders were of the view that the business of Aipu Zhicheng did not compete with the Group and they did not intend to inject the business of Aipu Zhicheng into the Group at the relevant time.

iPole technologies were first developed by Aipu Zhicheng in 2013 and Aipu Zhicheng entered into major contracts with its clients, including the exclusive franchising agreement with the People's Government of Mentougou District of Beijing City in relation to the deployment of iPole technologies in Mentougou District in 2015. However, the Founding Shareholders realised that the investment, construction and operation of smart city-related IoT infrastructures require close cooperation with local government authorities; and Aipu Zhicheng, being a private enterprise in the PRC, does not possess the competitive advantages in this regard. In 2017, Aipu Zhicheng first came up with the concept of creating an IIoT gateway which can be installed across various locations within the city, and which was eventually developed into PI Point (further details of PI Point are set out in the paragraphs below). However, due to the restrictions in capital and resources at the relevant time, Aipu Zhicheng did not commence the research and development in this regard.

In February 2018, Aipu Zhicheng cooperated with the controlling shareholders of Beikong Zhike and became an equity holder of Beikong Zhike. After that, there was a replanning of business functions between Aipu Zhicheng and Beikong Zhike. Beikong Zhike became the operating company for the development and construction of smart city-related IoT infrastructures while Aipu Zhicheng focused on the research and development of communication technologies and its application. Major projects of Beikong Zhike include the Tianjin City Binhai New Town project where Beikong Zhike is responsible for the consultancy, design and construction of the IoT networks which could be connected with, including but not limited to, the 5G base stations, public security surveillance systems, smart parking and transportation systems in such areas. The Founding Shareholders considered the cooperation with the controlling shareholders of Beikong Zhike could allow Aipu Zhicheng to leverage on their strong resources, network and market presence and the strategic replanning of their business functions could better utilise the strength of each of them. In addition, under such strategic partnership between Aipu Zhicheng and the controlling shareholders of Beikong Zhike, Aipu Zhicheng is expected to continue to provide technical support to Beikong Zhike by way of sale of products (such as PI Point) and services (such as overall design and implementation plan of PI Point, which include but not limited to the installation of PI Point and its connection with various smart city-related devices and sensors on one hand and the centralised management systems on the other) during the course of the development and construction of smart city-related IoT infrastructures by Beikong Zhike, which would provide a stable income stream to Aipu Zhicheng.

Such strategic replanning only served to redefine the role and divide future business functions between Aipu Zhicheng and Beikong Zhike and it did not involve the transfer of assets (including the intellectual property rights developed and owned by Aipu Zhicheng), technical staff, or technical know-how from Aipu Zhicheng to Beikong Zhike at the relevant time. Beikong Zhike continues to be engaged in the development and construction of smart city-related IoT infrastructures as at the Latest Practicable Date.

Since the investment in Beikong Zhike and the strategic replanning of the role and business functions of Aipu Zhicheng as stated above, Aipu Zhicheng has begun to focus on the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas. Aipu Zhicheng has achieved significant progress on the development of smart city and IIoT related technologies and has, based on the foundation of the iPole technologies, developed PI Point. PI Point is an IIoT gateway built and designed for the construction of smart city-related IoT infrastructure network. It can be installed across a wide variety of locations within the city, and can also be applied in different industrial settings including without limitation, electricity transformer stations, elevator systems, logistics and factories facilities management systems. PI Point, as an IIoT gateway, is a physical electronic devices connection hub which can be connected with, on one hand, a wide variety of devices and sensors and, on the other, specified centralised management systems for performance of different functions, collection and transmission of data.

In its application in the smart city infrastructure setting, PI Point, when connected to the relevant city scale centralised management systems operated and managed by the relevant government authorities and utilities companies, enables connection with various devices or sensors such as traffic monitoring devices, e-parking payment systems, air quality, humidity, lighting monitoring devices, security surveillance devices and other smart city-related devices and sensors.

In other industrial settings such as elevator systems, PI Point can be connected with devices or sensors to monitor the functioning of elevators which can enable remote management and preventive maintenance of elevators, lower the elevator fault rate and increase passenger safety; and other devices and sensors such as smoke detectors, video surveillance, elevator phones, sound and broadcasting systems can also be connected via PI Point to perform different functions.

PI Point installed across the city or across designated industrial settings are inter-connected wirelessly to form a network, which enables real-time collection of data from its connected devices and sensors and the transmission of such data to the relevant central management system for further application and analysis.

The centralised management systems as described in the above paragraph, such as traffic monitoring systems and air quality monitoring systems, are typically developed and operated by the relevant government authorities and utilities companies and do not form part of the PI Point and its complementary software that Aipu Zhicheng typically sold to its cutomers.

Compared with iPole which was primarily designed to transform the existing lampposts to network access points with connection to wifi based stations, PI Point expanded its compatibility of the range of devices or sensors which it can be connected with. Furthermore, unlike iPole which was primarily designed to be installed in existing lampposts, PI Point can be used in a wide variety of settings, such as lampposts, elevators, electricity transformer stations, factories, offices, etc..

Prior to the investment in Beikong Zhike and the strategic replanning of the role and business functions of Aipu Zhicheng as stated above, the business of Aipu Zhicheng primarily focused on the development of iPole. As explained in the Prospectus and above, iPole is a smart-city oriented technology which is designed to be applied to the city's lamppost infrastructures and to transform them into network access points. It does not have any major application in electric power transmission and distribution. As such, the Founding Shareholders considered that there were fundamental difference between the core technologies, business models and target customers of the Group and Aipu Zhicheng at the relevant time. However, Aipu Zhicheng had subsequently developed PI Point. The Directors believe that PI Point has great potential in its application in electric power transmission and distribution. PI Point, when it is applied in electricity transformer stations, the devices and sensors connected to it allows centralised monitoring and control of the functioning of far-off transmission systems, it enables early and more efficient fault shooting, lower maintenance costs, and increase safety and reliability of the system. PI Point, can also act as a hub for the construction of smart electricity distribution network, which aims at enabling better automation and controllability of electric power distribution. Through the various electricity-related devices and/or sensors to be connected with PI Point, it can enable real-time monitoring of various functions for better and more efficient supervisory control such as voltage management, outage management, fault detection and preventive management. Various smart functions can be connected with PI Point such as automatic meter reading, intelligent electric power consumption monitoring and smart energy usage management; information regarding user demand on the one hand, and status and available capacity on grid at any given time on the other hand, can be collected and analysed. With the collection, communication and big data analysis capabilities, the application of IIoT in the electricity power transmission and distribution industry can enable more efficient management of electricity, and ultimately other energy resources.

As at the Latest Practicable Date, the revenue model of the business of Aipu Zhicheng primarily includes the sale of PI Point and the provision of complementary software systems to customers such as public utilities companies, government authorities and other industry operators in the PRC which intend to set up a smart city or other IIoT infrastructure network, and to electric power retailing companies who intend to construct or upgrade their electricity distribution network. One of the customers of Aipu Zhicheng for PI Point was Beikong Zhike, where Aipu Zhicheng had sold PI Point and complementary software to Beikong Zhike for the development of its smart city projects. Other than the above, there had not been any other business relationship between Beikong Zhike and Aipu Zhicheng at the Latest Practicable Date.

The Directors do not consider the business of Aipu Zhicheng competes with the Group's business. Instead, the Directors consider the business of Aipu Zhicheng, in particular PI Point, would be complementary to the Group's business. As stated above, on one hand, as PI Point is a hardware gateway which can be connected with various devices or sensors to create smart city and IIoT infrastructure networks, and it can also be applied in electric power transmission and distribution industry. On the other hand, the Group is principally engaged in the design and implementation of tailor-made software systems in relation to electric power selling and management. The Directors consider that the business of PI Point of Aipu Zhicheng has great potentials in its application in the electric power industry setting, and it would also create synergy with the Group's existing business by offering one-stop hardware and software systems in relation to smart electricity transmission and distribution network in future and would further diversify and broaden the Group's revenue streams considering the potential application of PI Point technology and the future development of smart city and other IIoT infrastructure applications. As PI Point was only developed successfully in 2018, Aipu Zhicheng was still in the early stage of promotion and negotiation with its clients. The Directors expect that after the Acquisition and coupled with the better utilisation of the resources of the Group, with the benefits being brought to the electric power transmission and distribution as described above, such as the enabling of better and more efficient supervisory control and data collection and analysis in relation to the electric power transmission and distribution, the application of PI Point could be promoted to the Group's existing clients in the electricity power transmission and distribution industry more effectively and efficiently.

Taking into account the potential application of PI Point in the field of electric power transmission and distribution, and the synergy to be created between the business of Aipu Zhicheng and the existing business of the Group, together with the potential business opportunities in future regarding the investment, construction and operation of smart city-related infrastructure in the PRC that are expected to be brought to the Group through Beikong Zhike, the Directors consider that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

V. FINANCIAL EFFECT ON THE ACQUISITION

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and financial results of the Target Group will be consolidated into the consolidated financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group was prepared to illustrate the financial effect of the Acquisition as if it had been completed on 30 September 2018 is set out in Appendix IV to this circular.

Effect on net assets

The consolidated net assets of the Group as at 30 September 2018 was approximately RMB186.9 million. Upon Completion, the net assets of the Group will increase to approximately RMB262.2 million with the net assets of Aipu Zhicheng and HK Company being approximately RMB73.9 million and RMB41,000 respectively, and goodwill arising from the Acquisition being approximately RMB1.4 million.

Effect on earnings

The audited revenue and net profit after taxation of the Group for the year ended 31 March 2018 were approximately RMB85.8 million and RMB16.7 million respectively.

According to the historical financial information of Aipu Zhicheng, for the year ended 31 December 2017, revenue of approximately RMB2.1 million and profit after taxation of approximately RMB92,000 were recorded. For the nine months ended 30 September 2018, the revenue and loss after taxation of Aipu Zhicheng were approximately RMB6.8 million and RMB1.4 million respectively.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results, including but not limited to the revenue, costs and profit attributable to the Target Group will be consolidated into the consolidated financial statements of the Group.

After taking into account the potential application of PI Point in the field of electric power transmission and distribution, and the synergy to be created between the business of Aipu Zhicheng and existing business of the Group, it is expected that the Acquisition will have positive impacts on the future earnings of the Group in the long run.

VI. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon Completion (assuming that there is no change in the number of Shares other than the issue of the Consideration Shares from the Latest Practicable Date and up to the date of Completion):

Name of Shareholder	**As at the Latest Practicable Date**		**Upon Completion**	
	Shares	%	*Shares*	%
Smart East *(Note 1)*	60,000,000	15.745	60,000,000	11.875
Long Eagle *(Note 2)*	60,000,000	15.745	60,000,000	11.875
Main Wealth *(Note 3)*	60,000,000	15.745	60,000,000	11.875
Union Sino *(Note 4)*	60,000,000	15.745	60,000,000	11.875
Chance Talent Management Limited *(Note 5)*	45,072,000	11.828	45,072,000	8.920
Great Attain *(Note 6)*	–	–	124,191,177	24.580
Other Shareholders	96,000,000	25.192	96,000,000	19.000
Total:	381,072,000	100.00	505,263,177	100.00

Notes:

1. Smart East is wholly owned by Mr. Wang, an executive Director and a Substantial Shareholder, as at the Latest Practicable Date.

2. Long Eagle is wholly owned by Mr. Cao, a Substantial Shareholder, as at the Latest Practicable Date.

3. Main Wealth is wholly owned by Mr. Li, an executive Director and a Substantial Shareholder, as at the Latest Practicable Date.

4. Union Sino is wholly owned by Mr. Wu, an executive Director and a Substantial Shareholder, as at the Latest Practicable Date.

5. To the best knowledge, information and belief of the Directors, Chance Talent Management Limited is an indirect wholly owned subsidiary of CCB International Group Holdings Limited as at the Latest Practicable Date.

6. Great Attain will be owned as to 25% by each of Smart East, Long Eagle, Main Wealth and Union Sino respectively upon completion of the Reorganisation.

The allotment and issue of the Consideration Shares will not result in a change in control of the Company.

VII. LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. (i) Each of Mr. Wang, Mr. Wu and Mr. Li is a Director and Substantial Shareholder; and (ii) Mr. Cao is a Substantial Shareholder; therefore, each of Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao, being part of the Vendors, is a connected person of the Company under the Listing Rules. As such, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

VIII. EGM

A notice of convening the EGM to be held at 9/F, Block E, No. 9 3rd Shangdi Street, Beijing, China at 10:00 a.m. on 30 January 2019 is set out on page 114 to 115 of this circular. Ordinary resolutions will be proposed at the EGM to consider and if thought fit, approving the resolution(s) in respect of Agreement and the grant of the Specific Mandate by way of poll. The poll results will be announced after the EGM.

Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao and their respective associates will abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the EGM. Given the interest of Mr. Wang, Mr. Wu and Mr. Li in the Acquisition, Mr. Wang, Mr. Wu and Mr. Li abstained from voting on the relevant board resolutions of the Company approving the Acquisition.

The Independent Board Committee has been formed to advise the Independent Shareholders on the Acquisition and the grant of the Specific Mandate. The Independent Board Committee has approved the appointment of Astrum Capital Management Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the grant of the Specific Mandate.

Whether or not you intend to attend the EGM, you are requested to read the notice, complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the EGM or any adjournment thereof (no later than 10:00 a.m. on Monday, 28 January 2019 (Hong Kong time)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

IX. RECOMMENDATION

Your attention is drawn to the letter of the Independent Board Committee set out on page 24 of this circular. Your attention is also drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the grant of the Specific Mandate set out on pages 25 to 55 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Agreement and the grant of the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the terms of the Agreement are on normal commercial terms and that they were entered into in the ordinary and usual course of business of the Company and recommend the Independent Shareholders to vote in favour of the resolutions to be proposed for approving the terms of the Agreement and the grant of the Specific Mandate at the EGM.

The Board considers that the Acquisition, the terms of the Agreement and the grant of the Specific Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed as set out in the notice of the EGM.

X. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
OneForce Holdings Limited
WANG Dongbin
Chairman

OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1933)

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

15 January 2019

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular issued by the Company to the Shareholders dated 15 January 2019 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you as to whether the terms of the Agreement and the grant of the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

Astrum Capital Management Limited has also been appointed as the Independent Financial Adviser to advise the Independent Shareholders and us in respect hereof. We wish to draw your attention to the "Letter from the Board" and the "Letter from the Independent Financial Adviser" set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser set out in its letter of advice, we consider that the terms of the Agreement and the grant of the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Agreement are on normal commercial terms and that they were entered into in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed as set out in the notice of the EGM.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Ng Kong Fat	**Mr. Han Bin**	**Mr. Wang Peng**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

15 January 2019

To the Independent Board Committee and
the Independent Shareholders of
OneForce Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the independent board committee (the "**Independent Board Committee**") and the independent shareholders (the "**Independent Shareholders**") of OneForce Holdings Limited (the "**Company**") in relation to the acquisition (the "**Acquisition**") of the entire equity interest in Great Progress International Limited (the "**Target Company**") by the Purchaser (i.e. the Company) from the Vendors. The details of the Acquisition is disclosed in the announcement of the Company dated 29 November 2018 (the "**Announcement**") and in the letter from the Board (the "**Letter from the Board**") set out on pages 7 to 23 of the circular of the Company dated 15 January 2019 (the "**Circular**") to its shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise defined.

On 29 November 2018 (after trading hours), the Purchaser, the Vendors and the Target Company entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in the Target Company at the consideration of RMB75 million (equivalent to approximately HK$86.55 million), which will be satisfied by way of the allotment and issue of 124,191,177 Consideration Shares at the issue price of HK$0.68 per Consideration Share by the Company to Great Attain. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. (i) Each of Mr. Wang, Mr. Wu and Mr. Li is a Director and Substantial Shareholder; and (ii) Mr. Cao is a Substantial Shareholder, therefore, each of Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao, being part of the Vendors, is a connected person of the Company under the Listing Rules. As such, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

An EGM will be held for the Independent Shareholders to consider, and if thought fit, approving the resolution(s) in respect of Agreement and the grant of the Specific Mandate by way of poll. Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao and their associates will abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the EGM. Given the interest of Mr. Wang, Mr. Wu and Mr. Li in the Acquisition, Mr. Wang, Mr. Wu and Mr. Li abstained from voting on the relevant board resolutions of the Company in approving the Acquisition.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Ng Kong Fat, Mr. Han Bin and Mr. Wang Peng, has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to voting in respect thereof at the EGM. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, the Vendors, the Target Company and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, there was no other engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Acquisition, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, *inter alia*, the Announcement, the Circular, the Agreement, the Prospectus, the annual reports of the Company for the year ended 31 March 2018 (the "**2017-18 Annual Report**") and the interim report of the Company for the six months ended 30 September 2018 (the "**2018-19 Interim Report**"). We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations and prospects of the Group. In addition, we have reviewed the valuation report (the "**Valuation Report**") prepared by an independent professional valuer, namely Unicorn Consulting and Appraisal Limited (the "**Independent Valuer**"), in respect of the market value of Aipu Zhicheng as at 30 September 2018 (the "**Valuation**"), including the methodology of, and the bases and assumptions adopted for, the Valuation. Based on the foregoing steps, we consider that we have taken all the reasonable endeavors, which are applicable to the Acquisition, as referred to and required under Rule 13.80(2)(b) of the Listing Rules (including its annex notes) in forming our opinion. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussion with the Management regarding the terms of the Agreement and the transactions contemplated thereunder (including the Acquisition) and the grant of the Specific Mandate, the businesses and future prospects of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Agreement and the transactions contemplated thereunder (including the Acquisition) and the grant of the Specific Mandate and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the entering into of the Agreement and the transactions contemplated thereunder (including the Acquisition) and the grant of the Specific Mandate. Except for the inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

For illustration purposes, amounts in RMB in this letter have been converted into HK$ at an exchange rate of RMB1.000=HK$1.154.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations to the Independent Board Committee and the Independent Shareholders with regard to the entering into of the Agreement and the transactions contemplated thereunder (including the Acquisition) and the grant of the Specific Mandate, we have taken into account the following principal factors and reasons:

I. Information on the Group

According to the Letter from the Board, 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 electric power distribution companies in the PRC and the sale of hardware.

The following table sets out (i) the consolidated financial information of the Group for the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018 ("**FY2016**", "**FY2017**" and "**FY2018**", respectively) as extracted from the accountants' report set out in the Prospectus and the audited consolidated financial statements set out in the 2017-18 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 September 2017 and 30 September 2018 ("**1H2017**" and "**1H2018**", respectively) as extracted from the 2018-19 Interim Report:

Table 1: Financial information of the Group

	FY2016	**FY2017**	**FY2018**	**1H2017**	**1H2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	(unaudited)
Revenue	59,047	87,338	85,799	32,064	32,935
– Sale of software systems	*21,108*	*42,835*	*51,746*	*19,030*	*12,388*
– Provision of technical services	*32,370*	*25,619*	*20,495*	*10,537*	*18,777*
– Sale of hardware	*5,569*	*18,884*	*13,558*	*2,497*	*1,770*
Gross profit	30,486	39,456	40,168	11,733	9,074
Profit/(loss) before taxation	25,635	21,692	20,528	3,440	(2,182)
Profit/(loss) attributable to equity shareholders of the Company for the year/period	22,168	18,004	16,722	2,735	(2,170)

	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018	As at 30 September 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Non-current assets	4,610	6,561	18,938	20,375
Current assets	106,426	122,350	197,227	184,842
Current (liabilities)	(46,099)	(18,804)	(24,992)	(16,579)
Net current assets	60,327	103,546	172,235	168,263
Non-current (liabilities)	(573)	(418)	(2,853)	(1,764)
Equity attributable to equity shareholders of the Company	64,364	109,689	188,320	186,874

Sources: the Prospectus, the 2017-18 Annual Report and the 2018-19 Interim Report

(i) For the year ended 31 March 2017 (i.e. FY2017)

In FY2017, the Group recorded total revenue of approximately RMB87.3 million, representing a significant increase of approximately 47.9% as compared to approximately RMB59.0 million in FY2016. Such increase was mainly attributable to the increase in revenue derived from the sale of software systems of approximately RMB21.7 million and sale of hardware of approximately RMB13.3 million, the aggregate effect of which has more than offset the decrease in revenue generated from the provision of technical services of approximately RMB6.8 million. The Group's gross profit also increased by approximately RMB9.0 million from approximately RMB30.5 million in FY2016 to approximately RMB39.5 million in FY2017. However, the gross profit margin decreased by approximately 6.4 percentage points from approximately 51.6% in FY2016 to approximately 45.2% in FY2017. We noted from the Prospectus that the decrease in gross profit margin was mainly attributable to the increase in the proportion of the revenue derived from the sale of hardware, which generally has lower gross profit margin.

In FY2017, the Group recorded profit attributable to equity shareholders of the Company of approximately RMB18.0 million, representing a decrease of approximately 18.8% as compared to approximately RMB22.2 million in FY2016. Such decrease was primarily attributable to the listing expenses of approximately RMB8.5 million incurred in FY2017 (FY2016: nil) and the significant increase in labour costs. Excluding the non-recurring listing expenses, the Group's profit would reach approximately RMB26.5 million in FY2017.

As at 31 March 2017, the Group's total assets, total liabilities and equity attributable to equity shareholders of the Company amounted to approximately RMB128.9 million, approximately RMB19.2 million and approximately RMB109.7 million, respectively.

(ii) For the year ended 31 March 2018 (i.e. FY2018)

In FY2018, the Group recorded total revenue of approximately RMB85.8 million, representing a slight decrease of approximately 1.8% as compared to approximately RMB87.3 million in FY2017. Such decrease was mainly attributable to the decrease in revenue derived from the provision of technical services of approximately RMB5.1 million and sale of hardware of approximately RMB5.3 million, the aggregate effect of which was partially offset by the increase in revenue generated from the sale of software systems of approximately RMB8.9 million. The Group's gross profit slightly increased by approximately 1.8% from approximately RMB39.5 million in FY2017 to approximately RMB40.2 million in FY2018, and the gross profit margin increased by approximately 1.6 percentage points from approximately 45.2% in FY2017 to approximately 46.8% in FY2018. We noted from the 2017-18 Annual Report that the slight increase in gross profit margin was mainly attributable to (i) the increase in the proportion of the revenue derived from the provision of technical services to two major customers of the Group which has higher gross profit margin than that derived from the provision of technical services to another major customer; and (ii) sales of new hardware which recorded higher gross profit margin as compared to that in FY2017.

In FY2018, the Group recorded profit attributable to equity shareholders of the Company of approximately RMB16.7 million, representing a decrease of approximately 7.1% as compared to approximately RMB18.0 million in FY2017. Such decrease was primarily attributable to the increase in listing expenses from approximately HK$8.5 million in FY2017 to approximately HK$11.2 million in FY2018. Excluding the non-recurring listing expenses, the Group's profit would reach approximately RMB27.9 million in FY2018 (FY2017: RMB26.5 million).

As at 31 March 2018, the Group's total assets and total liabilities amounted to approximately RMB216.2 million and approximately RMB27.8 million, respectively. The equity attributable to equity shareholders of the Company significantly increased by approximately 71.7% from approximately RMB109.7 million as at 31 March 2017 to approximately RMB188.3 million as at 31 March 2018 as a result of the net proceeds received from the listing and the recognition of profit attributable to equity shareholders of the Company for FY2018 of approximately RMB16.7 million.

(iii) For the six months ended 30 September 2018 (i.e. 1H2018)

In 1H2018, the Group recorded total revenue of approximately RMB32.9 million, representing a slight increase of approximately 2.7% as compared to approximately RMB32.1 million in 1H2017. Such increase was mainly attributable to the increase in revenue derived from the provision of technical services of approximately RMB8.2 million, the aggregate effect of which has more than offset the decrease in revenue generated from the sale of software systems of approximately RMB6.6 million and sale of hardware of approximately RMB0.7 million. The Group's gross profit decreased by approximately 22.7% from approximately RMB11.7 million in 1H2017 to approximately RMB9.1 million in

1H2018, and the gross profit margin decreased by approximately 9.0 percentage points from approximately 36.6% in 1H2017 to approximately 27.6% in 1H2018. We noted from the 2018-19 Interim Report that the decrease in gross profit margin was mainly attributable to the increase in cost of sales which in turn was driven by higher staff outsourcing costs.

In 1H2018, the Group recorded loss attributable to equity shareholders of the Company of approximately RMB2.2 million as compared to profit of approximately RMB2.7 million in 1H2017. Such change was primarily attributable to (i) the decrease in gross profit by approximately RMB2.7 million as mentioned above; and (ii) increase in professional service costs of approximately RMB1.6 million after the listing of the Shares on the Stock Exchange.

As at 30 September 2018, the Group's total assets, total liabilities and equity attributable to equity shareholders of the Company amounted to approximately RMB205.2 million, approximately RMB18.3 million and approximately RMB186.9 million, respectively.

II. Information of the Vendors and the Target Group

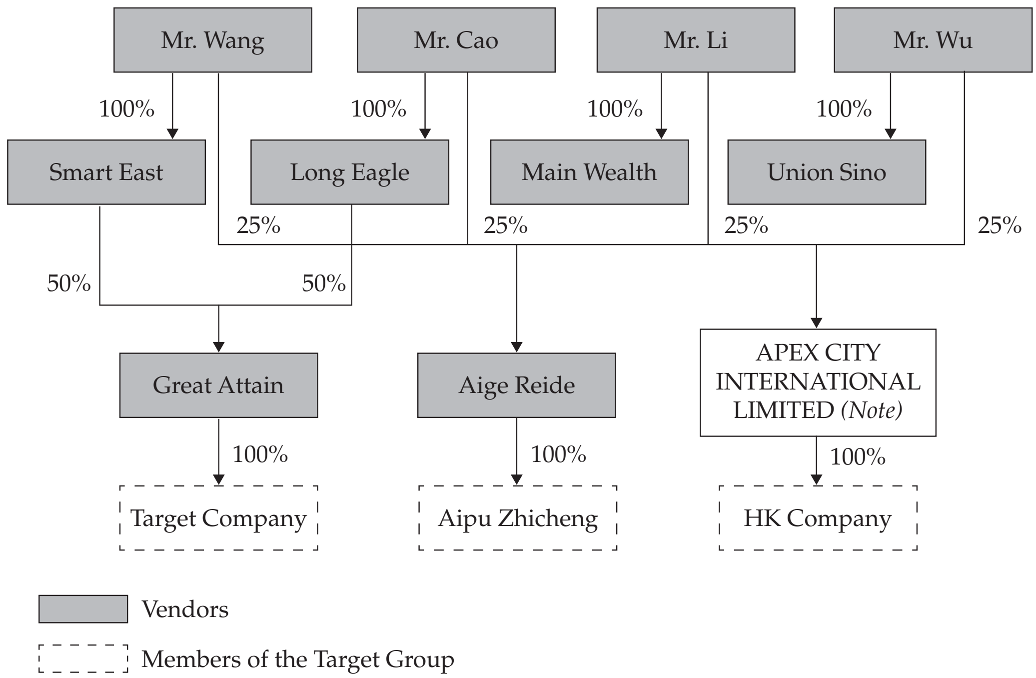
According to the Letter from the Board, the Vendors comprised Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Smart East, Long Eagle, Main Wealth, Union Sino, Great Attain and Aige Reide.

Each of Mr. Wang, Mr. Wu and Mr. Li is a Director and a Substantial Shareholder and Mr. Cao is a Substantial Shareholder. As at the Latest Practicable Date, each of Smart East, Long Eagle, Main Wealth and Union Sino is an investment holding company established in the BVI wholly owned by each of Mr. Wang, Mr. Cao, Mr. Li and Mr. Wu respectively.

Aige Reide is an investment holding company established in the PRC with limited liability which was owned by Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25%, 25%, 25% and 25%, respectively as at the Latest Practicable Date.

Great Attain is an investment holding company incorporated in the BVI and was owned by Smart East and Long Eagle as to 50% respectively as at the Latest Practicable Date.

The shareholding structure of the Target Group as at the Latest Practicable Date is set out below:



Note: APEX CITY INTERNATIONAL LIMITED is an investment holding company incorporated in the BVI owned by each of Mr. Wang, Mr. Cao, Mr. Li and Mr. Wu as to 25% respectively as at the Latest Practicable Date.

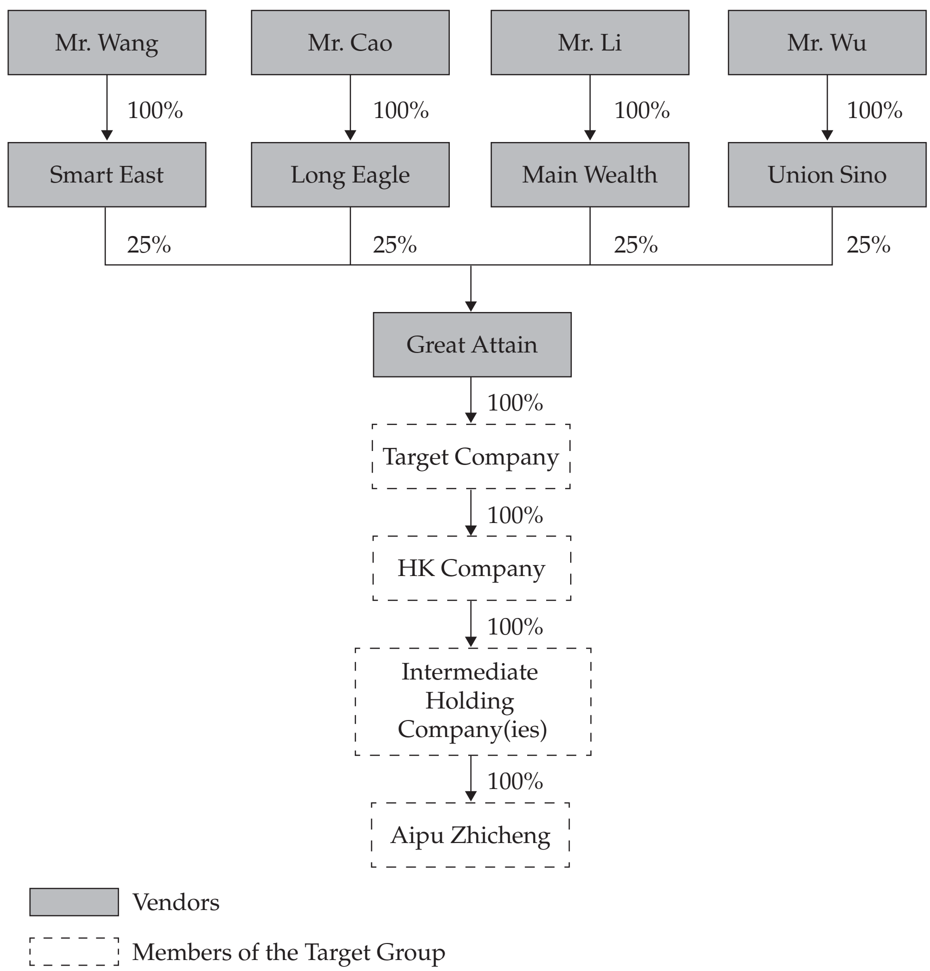
To the best knowledge, information and belief of the Directors, the Target Company is an investment holding company incorporated in the BVI and is wholly owned by Great Attain as at the Latest Practicable Date.

To the best knowledge, information and belief of the Directors, Aipu Zhicheng is a company established in the PRC with limited liability which was wholly-owned by Aige Reide, and ultimately owned by each of Mr. Cao, Mr. Li, Mr. Wang and Mr. Wu, each to 25% respectively, as at the Latest Practicable Date.

As at the Latest Practicable Date, Aipu Zhicheng was principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of IIoT gateway (π點, "**PI Point**"), which is an electric power and information hub embedded with its self-developed technology. Technologies and devices developed by Aipu Zhicheng, such as iPole (as defined in the paragraph headed "*Reasons for and benefits of the Acquisition*" in the Letter from the Board) and PI Point, serve to transform the existing city infrastructures (such as lampposts for the case of iPole) and connect them to centralised management systems in order to enable city-scale intelligent management and operations of city infrastructure and public utilities. Aipu Zhicheng is the holder of 30% equity interests in Beikong Zhike (According to the articles of Beikong Zhike, before all registered capital have been paid up, each of its equity holders is entitled to share any distribution or equity holder's right of Beikong Zhike in proportion to their respective contributed capital. As such, in proportion to their respective actual capital contribution up to the Latest Practicable Date, Aipu Zhicheng is entitled to share approximately 38.9% of any distribution and equity holder's right of Beikong Zhike as at the Latest Practicable Date), whose principal business is the design, implementation and operation of smart city-related IoT infrastructures.

Reorganisation

Pursuant to the Agreement, it is one of the Conditions that the Target Group shall complete the Reorganisation whereby 100% of the equity interest in Aipu Zhicheng shall be transferred to and owned by the Target Company before Completion. The structure of the Target Group after completion of the Reorganisation and immediately before Completion and its shareholding are set out below:



As part of the Reorganisation, HK Company, and Intermediate Holding Company(ies) will be acquired/established. HK Company is an investment holding company incorporated in Hong Kong and is currently indirectly owned by APEX CITY INTERNATIONAL LIMITED, which in turn, is owned by each of Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25% respectively. HK Company will be acquired by the Target Company and become a wholly owned subsidiary of the Target Company. The Intermediate Holding Company(ies) will be established in the PRC with limited liability and which will be wholly owned by the HK Company. As part of the Reorganisation, the Intermediate Holding Company(ies) will acquire the entire equity interest of Aipu Zhicheng so that upon completion of the Reorganisation, 100% of the equity interest of Aipu Zhicheng will be owned by the Intermediate Holding Company(ies) which in turn will be indirectly wholly owned by the Target Company.

Financial information

The summary of the financial information of Aipu Zhicheng for the three years ended 31 December 2015, 31 December 2016 and 31 December 2017 and the nine months ended 30 September 2018 as extracted from Appendix II to the Circular is set out below:

Table 2: Financial information of Aipu Zhicheng

	For the year ended 31 December			For the nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	2,033	135	2,073	73	6,830
Profit or (loss) before taxation	(3,969)	(1,087)	92	(1,230)	(2,093)
Profit or (loss) and total comprehensive income for the year/period	(3,969)	(1,087)	92	(1,230)	(1,386)

	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 September 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	64,112	99,677	89,378	90,982
Total (liabilities)	(61,050)	(24,452)	(14,061)	(17,051)
Net assets	3,062	75,225	75,317	73,931

Revenue of Aipu Zhicheng was generated from the sales of software system and the sales of hardware. Revenue of Aipu Zhicheng decreased from approximately RMB2.0 million for the year ended 31 December 2015 to approximately RMB135,000 for the year ended 31 December 2016, and bounced back to approximately RMB2.1 million for the year ended 31 December 2017. For the nine months ended 30 September 2018, revenue of Aipu Zhicheng further increased to approximately RMB6.8 million. However, Aipu Zhicheng recorded net loss of approximately RMB4.0 million, net loss of approximately RMB1.1 million and net profit of approximately RMB92,000 for the three years ended 31 December 2017 and net loss of approximately RMB1.4 million for the nine months ended 30 September 2018. We have enquired with the Management the reasons for the fluctuation in financial performance of Aipu Zhicheng, and were given to understand that the development of technologies (including but not limited to iPole and PI Point) by Aipu Zhicheng were only completed in or around the third quarter of 2018. As such, Aipu Zhicheng has not commenced full-scale commercial operation.

Based on the financial information of Aipu Zhicheng, the net assets of Aipu Zhicheng as at 30 September 2018 was approximately RMB73.9 million.

III. Background of, reasons for and benefits of the Acquisition

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 electric power distribution companies in the PRC and the sale of hardware.

As disclosed in the 2018-19 Interim Report, the PRC's energy industry has experienced rapid development and industry-wide structural reform. In 2018, breakthrough has been made in the development of certain key areas of the electric power industry (such as pilots in incremental distribution grids (增量配網試點), kick-off of verification in transmission and distribution price (輸配電價核定), and development in electric power exchange market, etc.). To cope with the development of the industry, the Group has worked closely with customers to promote innovation and embrace challenges. Following the strategy to switch out existing products and service offerings to "Software as a Service", the Group has been continuing its emphasis and investments in new and advanced technologies, such as "cloud computing", "big data", "mobile internet" and "new energy", and further rolling out "OneForce Cloud Smart Energy Service Platform" to serve its customers and users in a more convenient and efficient way, in particular, for those small-and-medium-sized energy companies. With continuing technological innovation as well as transformation and upgrading in economic structure, the Group will commit to its investments in research and development in new technologies and applications, and leverage on the opportunities brought by economic and industrial development. The Group will consider to acquire technical know-how or invest in companies with proprietary know-how or inventions to enrich the Group's proprietary technologies and enhance in-house research and development capabilities, and in turn, strengthen the competitiveness and profitability of the Group.

Aipu Zhicheng is principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of PI Points. As at the Latest Practicable Date, Aipu Zhicheng obtained 12 patents and 21 computer software copyrights (collectively, the "**Patents**") in respect of technical know-how for the design, implementation and operation of smart city internet of things and other IIoT infrastructures (including but not limited to iPole and PI Point) from the relevant authorities in the PRC. iPole technologies were first developed by Aipu Zhicheng in 2013 and Aipu Zhicheng entered into major contracts with its clients, in particular the Mentougou Project (as defined below). However, the Founding Shareholders realised that the investment, construction and operation of smart city-related IoT infrastructures require close cooperation with local government authorities; and Aipu Zhicheng, being a private enterprise in the PRC, does not possess the competitive advantages in this regard. In 2017, Aipu Zhicheng first came up with the concept of creating an IIoT gateway which can be installed across various locations within the city, which was eventually developed into PI Point. However, due to the restrictions in capital and resources at the relevant time, Aipu Zhicheng did not commence the research and development in this regard.

In February 2018, Aipu Zhicheng cooperated with the controlling shareholders of Beikong Zhike and became an equity holder of Beikong Zhike. After that, there was a replanning of business functions between Aipu Zhicheng and Beikong Zhike. Beikong Zhike became the operating company for the development and construction of smart city-related IoT infrastructures while Aipu Zhicheng focused on the research and development of communication technologies and its application. Major projects of Beikong Zhike include the Tianjin City Binhai New Town Project where Beikong Zhike is responsible for the consultancy, design and construction of the IoT networks which could be connected with, including but not limited to, the 5G base stations, public security surveillance systems, smart parking and transportation systems in such areas. The Founding Shareholders considered the cooperation with the controlling shareholders of Beikong Zhike could allow Aipu Zhicheng to leverage on their strong resources, network and market presence and the strategic replanning of their business functions could better utilise the strength of each of them. In addition, under such strategic partnership between Aipu Zhicheng and the controlling shareholders of Beikong Zhike, Aipu Zhicheng is expected to continue to provide technical support to Beikong Zhike by way of sale of products (such as PI Point) and services (such as overall design and implementation plan of PI Point, which include but not limited to the installation of PI Point and its connection with various smart city-related devices and sensors on one hand and the centralized management systems on the other) during the course of the development and construction of smart city-related IoT infrastructures by Beikong Zhike, which would provide a stable income stream to Aipu Zhicheng.

Such strategic replanning only served to redefine the role and divide future business functions between Aipu Zhicheng and Beikong Zhike and it did not involve the transfer of assets (including the intellectual property rights developed and owned by Aipu Zhicheng), technical staff, or technical know-how from Aipu Zhicheng to Beikong Zhike at the relevant time. As at the Latest Practicable Date, Beikong Zhike continues to be engaged in the development and construction of smart city-related IoT infrastructures.

PI Point is an IIoT gateway built and designed for the construction of smart city-related IoT infrastructure network. It can be installed across a wide variety of locations within the city, and can also be applied in different industrial settings including without limitation, electricity transformer stations, elevator systems, logistics and factories facilities management systems. PI Point, as an IIoT gateway, is a physical electronic devices connection hub which can be connected with, on one hand, a wide variety of devices and sensors and, on the other hand, specified centralized management systems for performance of different functions, collection and transmission of data. In its application in the smart city infrastructure setting, the Management further advised us that information access points of PI Point will be installed in the public facilities (such as lampposts, traffic lights and monitoring poles) with a distance from each other in a range from 30 meters to 50 meters to collect different kinds of information from various devices or sensors for building up database for a smart city management system. The devices and sensors of PI Point include traffic monitoring devices, e-parking payment systems, air quality, humidity, lighting monitoring devices, security surveillance devices and other smart city-related devices and sensors (the "**Smart Devices**"). Through the installation and application of the Smart Devices across the city, the IoT city integrated management platform (物聯城市綜合管理平臺) could centralise and analyse all information in real time and, in turn, monitor city environment and handle issues and/or problems rapidly. In the long run, PI Point could also (i) cope with the development of the fifth generation mobile networks (5G) which is expected to be launch in 2020; (ii) enhance the technologies for the operation of self-driving car; and (iii) deal with the application of artificial intelligence, etc.

In addition, the Management believes that PI Point has great potential in its application in electric power transmission and distribution. When PI Point is applied in electricity transformer stations, the Smart Devices connected to it allows centralised monitoring and control of the functioning of far-off transmission systems, it enables early and more efficient fault shooting, lower maintenance costs, and increase safety and reliability of the system. PI Point can also act as a hub for the construction of smart electricity distribution network, which aims at enabling better automation and controllability of electric power distribution. Through the various electricity-related devices and/or sensors to be connected with PI Point, power plant can achieve real-time monitoring on various functions for better and more efficient supervisory control such as voltage management, outage management, fault detection and preventive management. Various smart functions can be connected with PI Point such as automatic meter reading, intelligent electric power consumption monitoring and smart energy usage management. Information regarding user demand on the one hand, and status and available capacity on grid at any given time on the other hand, can be collected and analysed. With the collection, communication and big data analysis capabilities, the application of IIoT in the electricity power transmission and distribution industry can enable more efficient management of electricity, and ultimately other energy resources. The Management considers, and we concur, that the Acquisition would allow the Group to enrich its proprietary technologies, and offer one-stop hardware and software systems in relation to smart electricity transmission and distribution network, and that the Acquisition is in line with the Group's expansion strategy.

Throughout the last few years, Aipu Zhicheng entered into several cooperation agreements with local government and state-owned enterprise, in particular:

(i) In September 2015, Aipu Zhicheng entered into a cooperation agreement with 北京市門頭溝區經濟及信息化委員會 (Economic and Information Commission of Mentougou District, Beijing*) and 北京市門頭溝區市政市容管理委員會 (Municipal Management Commission of Mentougou District, Beijing*) (collectively, the "**Mentougou Commissions**") to develop new information infrastructure in Mentougou District, Beijing, the PRC based on a service concession arrangement (特許經營權) business model (the "**Mentougou Project**"). Pursuant to the cooperation agreement, the Mentougou Commissions granted an operation right (the "**Operation Right**") to Aipu Zhicheng for the design, construction, operation, maintenance and financing of the Mentougou Project for a term of 10 years commencing from the date of commencement of operations (i.e. 15 July 2016). The trial operation of the first phase of the Mentougou Project commenced in July 2016. In the first phase of the Mentougou Project, 1,200 units of iPole were installed in urban area of Mentougou District to collect different kinds of information from the Smart Devices, including but not limited to security surveillance cameras and air quality monitoring devices. The Management considers that the Mentougou Project provided valuable experimental data, operational information and experience for implementation of PI Point.

(ii) In March 2018, Aipu Zhicheng entered into a strategic cooperation agreement (the "**Strategic Agreement**") with 北京北控智慧城市科技發展有限公司 (Beijing Enterprises Smart City Technology Development Co., Ltd.*, "**Beijing Enterprises Smart City**"), a wholly owned subsidiary of 北京控股集團有限公司 (Beijing Enterprises Group Company Limited*, "**Beijing Enterprises Group**") (a state-owned enterprise incorporated in the PRC and ranked the 202th on top 500 enterprises of the PRC in 2018 according to the Top 500 Chinese Enterprises in 2018 jointly published by the China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會)), pursuant to which Aipu Zhicheng and Beijing Enterprises Smart City will promote the investment in, construction and operation of the smart city information infrastructure and the planning of smart city public power facilities. Aipu Zhicheng will enter into the formal agreements with Beijing Enterprises Smart City and relevant authorities and/or institutions once suitable projects for such potential investment are identified. As at the Latest Practicable Date, no legally binding agreement has been entered into. Leveraging on the solid background of Beijing Enterprises Group, the Management considers that the entering into of the Strategic Agreement will facilitate the business development of Aipu Zhicheng.

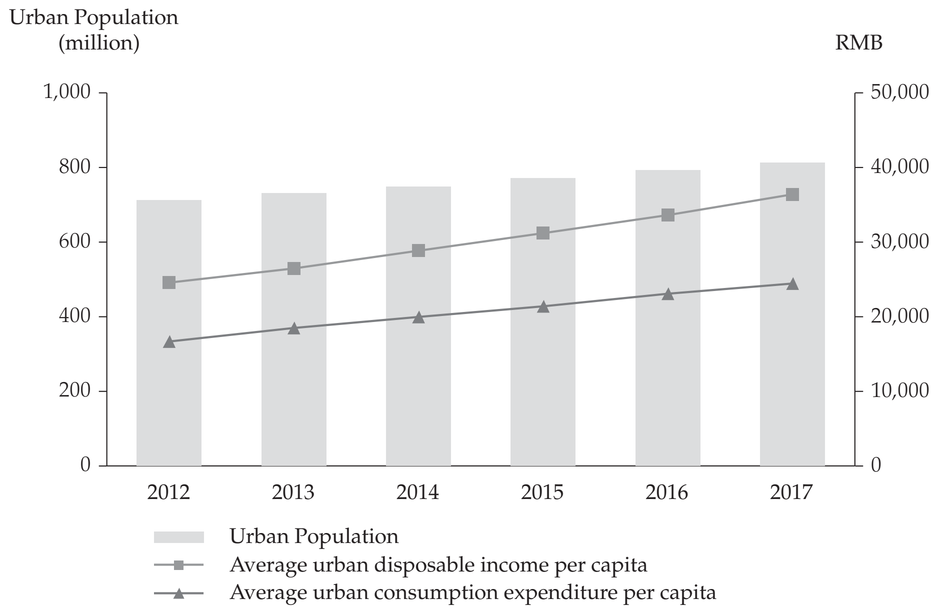
Notwithstanding securing several cooperation agreements, the financial performance of Aipu Zhicheng fluctuated during the past few years. According to the audited financial statements of Aipu Zhicheng, revenue of Aipu Zhicheng amounted to approximately RMB2.0 million, RMB135,000 and RMB2.1 million for the three years ended 31 December 2017 and approximately RMB6.8 million for the nine months ended 30 September 2018, and recorded net loss of approximately RMB4.0 million, net loss of approximately RMB1.1 million and net profit of approximately RMB92,000 for the three years ended 31 December 2017 and net loss of approximately RMB1.4 million for the nine months ended 30 September 2018. We have enquired with the Management the reasons for the fluctuation in financial performance of Aipu Zhicheng, and were given to understand that the development of technologies (including but not limited to PI Point) by Aipu Zhicheng were only completed in or around the third quarter of 2018. As such, Aipu Zhicheng has not commenced full-scale commercial operation. To develop a new successful product or services, Aipu Zhicheng needs to invest substantial resources (including financial resources, human resources) in the research and development and it may take years from the research and development stage to the launch of final product. The Management advised us that through conducting the research and development works and trial operation of the Mentougou Project in the past few years, Aipu Zhicheng has achieved significant progress on the development of smart city and IIoT related technologies and has, based on the foundation of the iPole technologies, developed and launched PI Point in 2018. Along with the maturity of technology application (including but not limited to iPole and PI Point), and taking into consideration (i) the cooperation agreements secured by Aipu Zhicheng as mentioned above; (ii) the joint-venture relationship between Aipu Zhicheng and Beijing Enterprises Group under the Strategic Agreement as mentioned above; (iii) the potential application of PI Point in the field of electric power transmission and distribution, and the synergy to be created between the business of Aipu Zhicheng and existing business of the Group; (iv) after the replanning of business functions between Aipu Zhicheng and Beikong Zhike in February 2018, Aipu Zhicheng is expected to continue to provide technical support to Beikong Zhike by way of sale of products (such as PI Point) and services (such as overall design and implementation plan of PI Point, which include not limited to the installation of PI Point and its connection with various smart city-related devices and sensors on one hand and the centralized management systems on the other) during the course of the development and construction of smart city-related IoT infrastructures by Beikong Zhike, which would provide a stable income stream to Aipu Zhicheng; and (v) the strong growing momentum of the smart city-related industry in the PRC as discussed below, the Management believes, and we concur with their view, that the financial performance of Aipu Zhicheng will improve gradually in future.

Furthermore, as advised by the Management, the management of Aipu Zhicheng currently comprises two key personnel (namely, Mr. Wu and Mr. Wang Haidong (王海東)). Mr. Wu, an executive Director and a Substantial Shareholder, is the executive director and general manager of Aipu Zhicheng, and is responsible for overall strategy and business development. He has over 20 years of experience in the electric power industry in the PRC and has accumulated abundant experience in research and development and its application of smart energy related technologies. Mr. Wu obtained a master's degree in Automation of Electric Power System from North China Electric Power University in 1996 and an EMBA degree from China Europe International Business School in 2015. Mr. Wang Haidong is currently the deputy general manager of Aipu Zhicheng and is responsible for research and development as well as technological innovation. He has over 15 years of experience in the computer software, electronic hardware development and management. Mr. Wang Haidong obtained a bachelor's degree in computer science and technology from North China Electric Power University in 2001. As at the Latest Practicable Date, each of Mr. Wu and Mr. Wang Haidong had no intention to resign his managerial role in Aipu Zhicheng and will continue to oversee and manage the operation of Aipu Zhicheng. Riding on the extensive experience of Mr. Wu and Mr. Wang Haidong in smart energy related development and management, the Management considers that the Enlarged Group will possess sufficient experience and expertise to manage and operate Aipu Zhicheng if the Acquisition proceeds to Completion. In addition, the Group will consider further reinforcing its management team and labour by recruiting experienced managers and staff as and when necessary, depending on the development and business needs of the Target Group from time to time.

In addition, we also have conducted research on the development of smart city in the PRC. According to the statistics published by the National Bureau of Statistics of China, the PRC's gross domestic product escalated from approximately RMB54,036.7 billion in 2012 to approximately RMB82,712.2 billion in 2017, representing a compound annual growth rate ("**CAGR**") of approximately 8.9%. Along with the economic growth, the PRC government promulgated a series of policies so as to accelerate urbanization in the PRC. The total urban population in the PRC increased significantly from approximately 711.8 million in 2012 to approximately 813.5 million in 2017 while the urbanization rate in the PRC has increased from approximately 52.6% in 2012 to approximately 58.5% in 2017. As a result of rapid economic growth and urbanization, living standard in the PRC has been substantially improved as demonstrated by the increasing disposable income and consumption expenditure per capita of urban residents.

The chart below shows the total urban population and average annual disposable income and consumption expenditure per capita of urban residents in the PRC from 2012 to 2017:

Chart 1: Total urban population, income and expenditure in the PRC



Source: National Bureau of Statistics of China

As shown in Chart 1 above, the average annual disposable income of urban residents increased from approximately RMB24,565 per capita in 2012 to approximately RMB36,396 per capita in 2017, representing a CAGR of approximately 8.2%. While the average consumption expenditure of urban residents increased from approximately RMB16,674 per capita in 2012 to approximately RMB24,445 per capita in 2017, representing a CAGR of approximately 8.0%.

In recent years, the PRC government have promulgated and issued several guidelines and measures on the development of smart cities in the PRC, including but not limited to (i) "國家智慧城市試點暫行管理辦法 (Interim Measures for the Administration of National Pilot Smart Cities*)" promulgated by the Ministry of Housing and Urban-Rural Development of the PRC government in 2012 to promote innovation-driven development and modern urbanization and build a moderately prosperous society; and (ii) "關於促進智慧城市健康發展的指導意見 (Guideline Opinions on Promoting the Healthy Development of Smart Cities*)" issued by the National Development and Reform Commission of the PRC government in 2014 to provide clearer guidelines on development of smart cities so as to facilitate the systematic and steady development of pilot smart cities in the PRC. According to the "13th Five-Year Plan" promulgated by the PRC government in 2015, the PRC government would support the development of smart cities and the overall scope of investment would reach RMB500 billion during the period from 2016 to 2020. In October 2017, the PRC government further proposed to develop moderately prosperous society in all respects during 19th National Congress of the Communist Party of China so as to fully build a "modern socialist China". Over the last few years, the smart city-related industry in the PRC has demonstrated rapid growth. According to the "Super Smart City" published in February 2018 by Deloitte Touche Tohmatsu Limited, there are over 1,000 smart city projects ready or under construction worldwide. Among which, half of them are located in the PRC. The PRC has become the keenest country on developing smart city projects. The market size of smart cities in the PRC is expected to reach approximately RMB650.4 billion in 2018, representing a CAGR of approximately 14.6% as compared to that approximately RMB431.7 billion in 2015.

Based on the above, it is expected that the growing momentum of the smart city-related industry in the PRC will continue to be strong in the coming future. We believe that the smart city-related industry in the PRC will prosper and the improving atmosphere of the smart city-related industry in the PRC would favor the business development of the Group and Aipu Zhicheng.

Having considered the above, in particular the facts that (i) the Acquisition is in line with the Group's expansion strategy; (ii) the Acquisition would allow the Group to enrich its proprietary technologies, and offer one-stop hardware and software systems in relation to smart electricity transmission and distribution network; (iii) there is prospect in the smart city-related industry in the PRC; and (iv) the terms of the Agreement, including the Consideration, are fair and reasonable and on normal commercial terms (please refer to our analysis as stated in the section headed "*IV. Principal terms of the Agreement*" below), we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

IV. Principal terms of the Agreement

The principal terms of the Agreement are set out as follows:

Date: 29 November 2018 (after trading hours)

Parties:

(i) the Purchaser (i.e. the Company);

(ii) the Vendors (i.e. Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Smart East, Long Eagle, Main Wealth, Union Sino, Great Attain and Aige Reide)

To the best knowledge, information and belief of the Directors, each of Mr. Wang, Mr. Wu and Mr. Li is a Director and a Substantial Shareholder and Mr. Cao is a Substantial Shareholder. Each of Smart East, Long Eagle, Main Wealth and Union Sino is an investment holding company established in the BVI wholly owned by each of Mr. Wang, Mr. Cao, Mr. Li and Mr. Wu, respectively.

Aige Reide is an investment holding company established in the PRC with limited liability which is owned by Mr. Wang, Mr. Wu, Mr. Li and Mr. Cao as to 25%, 25%, 25% and 25%, respectively as at the Latest Practicable Date. Great Attain is an investment holding company incorporated in the BVI and is owned by Smart East and Long Eagle as to 50% respectively as at the Latest Practicable Date.

Assets to be acquired: Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company. Further details of the Target Group are set out in the paragraph headed "*II. Information of the Vendors and the Target Group*" above.

(i) the Consideration

The Consideration is RMB75 million (equivalent to approximately HK$86.55 million) and shall be satisfied by the Company by way of the allotment and issue of 124,191,177 Consideration Shares to Great Attain, a company incorporated in the BVI which will be owned as to 25% by each of Smart East, Long Eagle, Main Wealth and Union Sino immediately before Completion, at the issue price of HK$0.68 per Consideration Share. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

The Consideration was determined after arm's length negotiations between the Company and the Vendors, with reference to, among others, the valuation of Aipu Zhicheng as at 30 September 2018 (the "**Valuation Date**") as appraised by the Independent Valuer engaged by the Company using asset approach.

The Valuation

In order to assess the fairness and reasonableness of the Consideration, we have obtained and enquired with the Independent Valuer (i) the terms of engagement letter between the Company and the Independent Valuer in respect of the Valuation; (ii) the relevant qualification and experience of the Independent Valuer; and (iii) the steps and due diligence measures taken by the Independent Valuer for preparing the Valuation Report. We have reviewed the engagement letter between the Company and the Independent Valuer in respect of the Valuation, and are satisfied that the terms of the engagement letter between the Company and the Independent Valuer are appropriate to the opinion that the Independent Valuer is required to provide. We have discussed with the Independent Valuer in relation to their experiences and were given to understand that Mr. Kit Cheung, the person-in-charge of the Valuation, is a member of The Hong Kong Institute of Surveyors (MHKIS), the Royal Institution of Chartered Surveyors (MRICS), Registered Professional Surveyor (General Practice), member of China Institute of Real Estate

Appraisers and Agents (MCIREA) as well as Registered Real Estate Appraiser People's Republic of China, and has over 9 years of experience in the valuation and advisory field and has been involved in sizable and challenging projects relating to private and listed companies located in Hong Kong, Mainland China and other Asia Pacific countries. The Independent Valuer has also confirmed that they are independent to the Company, the Vendors, the Target Company and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. We are of the view that the Independent Valuer possesses sufficient professional qualifications and independence required to perform the Valuation.

- *Valuation methodology*

We have discussed with the Independent Valuer regarding the methodology of, and the bases and assumptions adopted for, the Valuation. We understand from the Independent Valuer that they have considered three different generally accepted approaches, namely asset approach, income approach and market approach, in arriving at the market value of Aipu Zhicheng as at the Valuation Date. However, the Independent Valuer considers the market approach not applicable to the Valuation as there were no sufficient number of comparable public companies nor comparable transactions available in the market to facilitate a meaningful comparison with the particular business nature of Aipu Zhicheng. In respect of income approach, having considered that both the revenue and the net income of Aipu Zhicheng were fluctuated in the past few years and income approach requires a reliable and justifiable financial estimation and assumptions (such as projected revenue and risk-adjusted discount rate), the Independent Valuer considers that income approach is also not applicable to the Valuation. In view of the above, the Independent Valuer adopted asset approach in determining the market value of Aipu Zhicheng. Having considering the three valuation approaches and their respective characteristics, and upon our discussion with the Independent Valuer, we concur with the Independent Valuer's view that the asset approach is the most appropriate valuation methodology for the Valuation.

- *Valuation of Aipu Zhicheng*

As advised by the Independent Valuer, asset approach relates to the valuation of assets and liabilities of Aipu Zhicheng as at 30 September 2018 (i.e. the Valuation Date), which includes current assets, non-current assets and current liabilities. Details of which are set forth below:

(a) Current assets

As at 30 September 2018, the current assets of Aipu Zhicheng amounted to approximately RMB2.4 million, comprising cash and cash equivalents, prepayments and other receivables and inventory. In view of the liquidity of current assets, the Independent Valuer considers that it is not necessary to make adjustment on the value of current assets. Accordingly, in valuing the market value of the current assets of Aipu Zhicheng, the Independent Valuer has purely based on the book value of the respective assets as at 30 September 2018.

(b) Non-current assets

As at 30 September 2018, the non-current assets of Aipu Zhicheng amounted to approximately RMB88.5 million, comprising investment in associate of approximately RMB4.4 million, property, plant and equipment of approximately RMB26.3 million, intangible assets of approximately RMB57.2 million and deferred tax assets of approximately RMB0.7 million. As advised by the Independent Valuer, save for the deferred tax assets which are not directly related to the generation of revenue, they have made the following adjustments on the non-current assets of Aipu Zhicheng:

– *Investment in associate*

The investment in associate of approximately RMB4.4 million represents the 30% equity interest in Beikong Zhike held by Aipu Zhicheng according to the predetermined equity proportion as stated in the articles of Beikong Zhike. According to the articles of Beikong Zhike, before all registered capital have been paid up, each of its shareholders is entitled to share any distribution or shareholder's right of Beikong Zhike in proportion to their respective contributed capital. As such, in proportion to the actual capital contribution up to the Valuation Date, Aipu Zhicheng is entitled to share approximately 38.9% of any distribution and shareholder's right of Beikong Zhike as at the Valuation Date. In valuing the market value of Beikong Zhike as at 30 September 2018, the Independent Valuer assessed the 100% equity interest in Beikong Zhike amounted to approximately RMB15.8 million and the value of investment in associate would be approximately RMB6.1 million (RMB15.8 million x 38.96%).

– *Property, plant and equipment*

As at 30 September 2018, the property, plant and equipment comprises (i) motor vehicles, office equipment and other equipment of approximately RMB34,000; and (ii) leasehold improvement of approximately RMB26.2 million.

As motor vehicles, office equipment and other equipment have their respective depreciation policy, in which the useful life is around 4 to 5 years, the Independent Valuer considers it not necessary to make any adjustment on the net book values.

Leasehold improvement of approximately RMB26.2 million is transferred from construction in progress during 2018. The cost of self-constructed items of property, plant and equipment categorized under leasehold improvement include the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

While the assets categorized under leasehold improvement as abovementioned cannot generate cash inflows without utilizing other assets of Aipu Zhicheng, the recoverable amount of leasehold improvement is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). Since the value in use of the cash-generating unit of Aipu Zhicheng as a whole is higher than the net book value of Aipu Zhicheng as at 30 September 2018, the Independent Valuer is of the view that no impairment provision has to be made and no adjustment on the book values of the leasehold improvement is required.

– *Intangible assets*

As at 30 September 2018, the intangible assets comprises (i) the software copyrights in relation to certain communication technologies and smart city infrastructure technologies of approximately RMB26.5 million; and (ii) the research and development cost of the patents developed by Aipu Zhicheng of approximately RMB30.6 million. In valuing the market value of patents as at 30 September 2018, the Independent Valuer has performed an impairment test to assess the intangible assets. As advised by the Independent Valuer, as value in use of the intangible assets is higher than the book value of the intangible assets as at 30 September 2018, no impairment provision is made on the patents, and no adjustment is made on the book value of the intangible assets.

Taking into account the above adjustments, the appraised market value of the non-current assets of Aipu Zhicheng as at 30 September 2018 was approximately RMB90.3 million.

(c) Current liabilities

As at 30 September 2018, the current liabilities of Aipu Zhicheng amounted to approximately RMB17.1 million, comprising trade payables, other payables and accruals and bank loan. In view of the nature of liabilities, the Independent Valuer considers that market value adjustment is not necessary. Accordingly, in valuing the market value of the current liabilities of Aipu Zhicheng, the Independent Valuer has based on its book value as at 30 September 2018.

We understand from the Independent Valuer that the above methodologies in valuing assets and liabilities of Aipu Zhicheng are common methodologies used in establishing the valuation of major assets and liabilities under asset approach.

- *Assumption*

According to the Valuation Report, the Independent Valuer has adopted the following assumptions in the Valuation:

– there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of Aipu Zhicheng;

– the conditions in which the business is being operated and which are material to revenue and costs of businesses will remain unchanged;

– the information has been prepared on a reasonable basis after due and careful consideration by the management of Aipu Zhicheng;

– competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of Aipu Zhicheng;

– all licenses and permits that is essential for the operation of Aipu Zhicheng can be obtained and are renewable upon expiry; and

– there is no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value.

Based on our discussions with the Independent Valuer, we understand that such assumptions are generally adopted in similar valuation and are necessary for the Independent Valuer to arrive at a reasonable estimated fair value of Aipu Zhicheng. Accordingly, we consider that the adoption of the assumptions as mentioned above is fair and reasonable.

According to the Valuation Report, the market value of Aipu Zhicheng as at the Valuation Date was approximately RMB75.7 million (equivalent to approximately HK$87.4 million). Having considered the facts that (i) the Consideration was determined after arm's length negotiations between the Company and the Vendors; (ii) the Consideration is almost equivalent to the market value of Aipu Zhicheng as appraised by the Independent Valuer as at the Valuation Date, we consider that the Consideration is fair and reasonable.

(ii) the Consideration Shares

As at the Latest Practicable Date, there were 381,072,000 Shares in issue. The Consideration Shares represent (i) approximately 32.59% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 24.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Consideration Shares since the Latest Practicable Date and up to the date of Completion.

- *The Issue Price*

  The Issue Price of HK$0.68 per Consideration Share represents:

  (a) a premium of approximately 21.43% over the closing price of HK$0.560 per Share as quoted on the Stock Exchange on the Last Trading Day;

  (b) a premium of approximately 21.86% over the average closing price of HK$0.558 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (the "**Last 5-Day**");

  (c) a premium of approximately 21.86% over the average closing price of HK$0.558 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

  (d) a premium of approximately 28.54% over the average closing price of approximately HK$0.529 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day (the "**Last 30-Day**");

  (e) a premium of approximately 23.64% over the closing price of HK$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

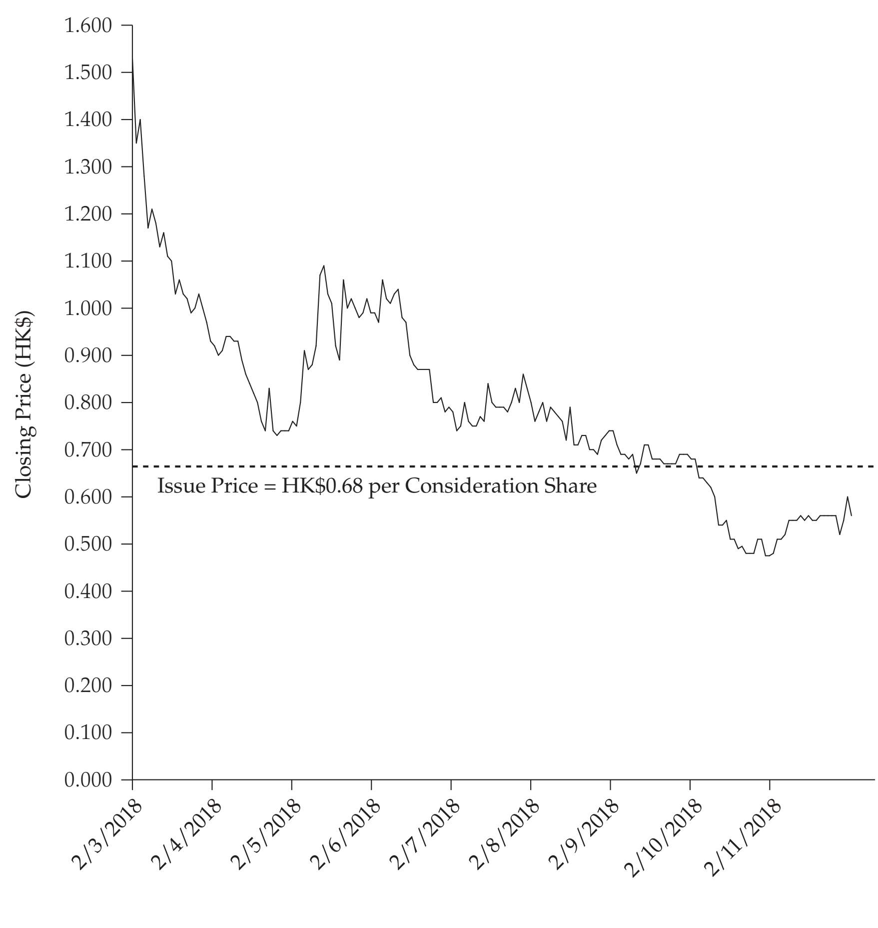
  (f) a premium of approximately 23.19% over the unaudited equity attributable to owners of the Company per Share of approximately HK$0.552 as at 30 September 2018 (based on a total of 381,072,000 Shares as at the Latest Practicable Date and the unaudited equity attributable to owners of the Company of approximately RMB186.9 million (equivalent to approximately HK$210.4 million) as at 30 September 2018).

According to the Letter from the Board, the Issue Price was determined after arm's length negotiations among the parties taking into account, among other things, the prevailing market performance of the Shares and interests of the Company's stakeholders as a whole. The Directors consider that the Issue Price is fair and reasonable under the present market conditions.

- *Historical price performance of the Shares*

In assessing the fairness and reasonableness of the Issue Price, we have primarily made reference to the historical price performance of the Shares. Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 2 March 2018, being the date of listing of the Shares on the Stock Exchange (the "**Listing Date**"), up to and including the Last Trading Day (being 29 November 2018) (the "**Review Period**"):

Chart 2: Share price performance during the Review Period



Source: the website of the Stock Exchange

As illustrated in Chart 2 above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK$0.475 per Share as recorded on 30 October 2018 and 31 October 2018 to the highest closing price of HK$1.530 per Share as recorded on 2 March 2018 (i.e. the Listing Date), with an average price of approximately HK$0.794 per Share. The Offer Price represents (i) a premium of approximately 43.16% over the lowest closing price of the Shares; (ii) a discount of approximately 55.56% to the highest closing price of the Shares; and (iii) a discount of approximately 14.32% to the average closing price of the Shares during the Review Period, respectively. During the Review Period, we noted that the closing price of the Shares exhibited a decreasing trend since the listing of the Shares on the Stock Exchange. In this regard, we have discussed with the Management regarding the downward trend of the Share price and were advised that save for the financial results of the Company published during the Review Period and the profit warning announcement published on 26 October 2018, they are not aware of other particular reason that led to the decreasing trend of the price of the Shares.

- *Comparable analysis*

In addition to assess the fairness and reasonableness of the Issue Price, we have identified all issue of new shares under specific mandate announced by companies listed on the Stock Exchange during the three-month period immediately before the date of the Agreement. To the best of our knowledge and as far as we are aware of, we have identified an exhaustive list of 19 transactions which met the said criteria and had not lapsed as at the Latest Practicable Date (the "**Comparables**"). As the capital market changes rapidly, we consider that a review period of three months is appropriate to capture the recent market practice in respect of issue of new shares under the current market condition and sentiment.

However, Shareholders should note that the businesses, operations and prospects of the Company are not the same as the relevant issuers of the Comparables and thus the comparison of the terms between the Comparables and the Issue Price may not represent an identical comparison. We, however, consider that such comparison could be treated as an indication as to the reasonableness and fairness of the Issue Price. The relevant details of the Comparables are set forth in Table 3 below:

Table 3: Details of the Comparables

Date of relevant announcement	Company name	Stock code	Premium/(discount) of issue price over/to share price as at the last trading day prior to the date of the announcement/agreement ("Premium/(Discount) – Last Day")	Premium/(discount) of issue price over/to the average share price for the last five consecutive trading days prior to the date of the announcement/agreement ("Premium/(Discount) – 5 Days")
			(%)	*(%)*
09-Sep-2018	FDG Electric Vehicles Limited	729	(5.26)	(5.26)
10-Sep-2018	Kiu Hung International Holdings Limited	381	233.33 *(Note)*	216.46 *(Note)*
16-Sep-2018	eForce Holdings Limited	943	(6.10)	(4.23)
19-Sep-2018	Jiayuan International Group Limited	2768	(5.31)	(4.25)
21-Sep-2018	China Sandi Holdings Limited	910	(9.50)	(9.80)
05-Oct-2018	Xinyang Maojian Group Limited	362	(1.59)	(2.54)
12-Oct-2018	Forebase International Holdings Limited	2310	3.64	0.00
19-Oct-2018	CIMC-TianDa Holdings Company Limited	445	20.50	21.90
26-Oct-2018	Elife Holdings Limited	223	6.06	9.83
26-Oct-2018	Thiz Technology Group Limited	8119	159.74 *(Note)*	150.63 *(Note)*
29-Oct-2018	Zhejiang Chang'an Renheng Technology Co., Ltd.	8139	(10.26)	(3.58)
01-Nov-2018	Shougang Concord International Enterprises Company Limited	697	42.05	45.86
01-Nov-2018	Yongsheng Advanced Materials Company Limited	3608	0.00	0.81

Date of relevant announcement	Company name	Stock code	Premium/ (discount) of issue price over/to share price as at the last trading day prior to the date of the announcement/ agreement ("Premium/ (Discount) – Last Day")	Premium/ (discount) of issue price over/to the average share price for the last five consecutive trading days prior to the date of the announcement/ agreement ("Premium/ (Discount) – 5 Days")
			(%)	*(%)*
02-Nov-2018	Landsea Green Group Co., Ltd.	106	0.00	4.17
06-Nov-2018	Minshang Creative Technology Holdings Limited	1632	(38.89)	(32.52)
07-Nov-2018	Differ Group Holding Company Limited	6878	3.77	5.77
13-Nov-2018	Xinte Energy Co., Ltd.	1799	16.72	20.56
20-Nov-2018	Madison Holdings Group Limited	8057	(15.38)	7.00
26-Nov-2018	Zhuguang Holdings Group Company Limited	1176	(6.50)	(7.80)
	Maximum		**42.05**	**45.86**
	Minimum		**(38.89)**	**(32.52)**
	Average		**(0.36)**	**2.70**
	Median		**(1.59**	**0.00**
	The Issue Price		**21.43**	**21.86**

Source: the website of the Stock Exchange

Note: As the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the issue prices of Kiu Hung International Holdings Limited (stock code: 381) and Thiz Technology Group Limited (stock code: 8119) (collectively, the "**Outlier Comparables**") are exceptionally high as compared with those of other Comparables, we consider that the issue prices of the Outlier Comparables are outliers and have excluded them from our analysis for the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the Comparables.

Among the Comparables, we noted that the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the issue prices of the Outlier Comparables are exceptionally high as compared with those of other Comparables. Therefore, we consider that the issue prices of the Outlier Comparables are outliers. To avoid distortion to the overall comparable analysis due to the abnormality of such results, the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the issue prices of the Outlier Comparables have been excluded in our analysis.

As shown in Table 3 above, we noted that (i) the Premium/(Discount) – Last Day represented by the issue prices of the Comparables ranged from a discount of approximately 38.89% to a premium of approximately 42.05%, with a median of a discount of approximately 1.59% and an average of a discount of approximately 0.36%; and (ii) the Premium/(Discount) – 5 Days represented by the issue prices of the Comparables ranged from a discount of approximately 32.52% to a premium of approximately 45.86%, with a median of 0% and an average of a premium of approximately 2.70%. The Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the Issue Price are within the range and higher than the median and average of the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the issue prices of the Comparables.

Having taken into account that (i) the Issue Price (a) represents a premium of approximately 21.43% over the closing price of HK$0.560 per Share as quoted on the Stock Exchange as at the Last Trading Day; (b) represents a premium of approximately 21.86% over the average closing price of HK$0.558 per Share as quoted on the Stock Exchange for the Last 5-Day; and (c) represents a premium of approximately 23.15% over the unaudited equity attributable to owners of the Company per Share of approximately HK$0.552 as at 30 September 2018; (ii) the closing price of the Shares exhibited a decreasing trend since the listing of the Shares on the Stock Exchange; and (iii) the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the Issue Price are within the range and higher than the median and average of the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days represented by the issue prices of the Comparables, we consider that the Issue Price is fair and reasonable.

(iii) Conclusion

Having considered the above, we are of the view that the terms of the Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

V. Dilution effect on the shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after allotment and issue of the Consideration Shares:

Table 4: Shareholding structure of the Company

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately after allotment and issue of the Consideration Shares**	
	Shares	%	*Shares*	%
Smart East *(Note 1)*	60,000,000	15.745	60,000,000	11.875
Long Eagle *(Note 2)*	60,000,000	15.745	60,000,000	11.875
Main Wealth *(Note 3)*	60,000,000	15.745	60,000,000	11.875
Union Sino *(Note 4)*	60,000,000	15.745	60,000,000	11.875
Chance Talent Management Limited ("**Chance Talent**") *(Note 5)*	45,072,000	11.828	45,072,000	8.920
Great Attain *(Note 6)*	–	–	124,191,177	24.580
Other Shareholders	96,000,000	25.192	96,000,000	19.000
Total	**381,072,000**	**100.000**	**505,263,177**	**100.000**

Notes:

1. Smart East is wholly owned by Mr. Wang, an executive Director and a Substantial Shareholder, as at the Latest Practicable Date.

2. Long Eagle is wholly owned by Mr. Cao, a Substantial Shareholder as at the Latest Practicable Date.

3. Main Wealth is wholly owned by Mr. Li, an executive Director and a Substantial Shareholder, as at the Latest Practicable Date.

4. Union Sino is wholly owned by Mr. Wu, an executive Director and a Substantial Shareholder, as at the Latest Practicable Date.

5. To the best knowledge, information and belief of the Directors, Chance Talent is an indirect wholly owned subsidiary of CCB International Group Holdings Limited as at the Latest Practicable Date.

6. Great Attain will be owned as to 25% by each of Smart East, Long Eagle, Main Wealth and Union Sino upon completion of the Reorganisation.

As shown in the table above, Chance Talent and other Shareholders held 45,072,000 Shares and 96,000,000 Shares, representing approximately 11.8% and approximately 25.2% of the issued share capital of the Company as at the Latest Practicable Date, respectively. Immediately after allotment and issue of the Consideration Shares, the shareholding of Chance Talent and other Shareholders will decrease to approximately 8.9% and approximately 19.0%. However, the shareholding of Chance Talent will be less than 10% immediately after allotment and issue of the Consideration Shares and will be regarded as the public Shareholder as defined under the Listing Rules. Therefore, the public shareholdings immediately after allotment and issue of the Consideration Shares will be approximately 27.9%.

We noted that the shareholding of Chance Talent and other Shareholders will be diluted due to the issue of the Consideration Shares. Taking into account (i) the benefits of the Acquisition as stated in the section headed "*III. Background of, reasons for and benefits of the Acquisition*" above; and (ii) the fairness and reasonableness of the Consideration and the Issue Price as set out in the section headed "*IV. Principal terms of the Agreement*" above, we consider that the shareholding dilution effect for the issuance of the Consideration Shares is acceptable so far as the Independent Shareholders concerned.

VI. Financial effects of the Acquisition

Based on our discussion with, and the representation from, the Management, we understand that the following factors have been taken into account when the Company considered the potential impact of the Acquisition on the financial performance and position of the Group:

(i) Effect on net assets

The consolidated net assets of the Group as at 30 September 2018 was approximately RMB186.9 million. Upon completion, the net assets of the Group will increase to approximately RMB262.2 million with the net assets of Aipu Zhicheng and HK Company being approximately RMB73.9 million and RMB41,000 respectively, and goodwill arising from the Acquisition being approximately RMB1.4 million.

(ii) Effect on earnings

The audited revenue and net profit after taxation of the Group for FY2018 were approximately RMB85.8 million and approximately RMB16.7 million, respectively.

According to the financial information of Aipu Zhicheng, the revenue and profit after taxation of Aipu Zhicheng were approximately RMB2.1 million and approximately RMB92,000 for the year ended 31 December 2017. For the nine months ended 30 September 2018, the revenue and loss after taxation of Aipu Zhicheng were approximately RMB6.8 million and approximately RMB1.4 million, respectively.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Group (including but not limited to the revenue, costs and profit attributable to the Target Group) will be consolidated into the consolidated financial statements of the Group.

After taking into account the potential application of PI Point in the field of electric power transmission and distribution, and the synergy to be created between the business of Aipu Zhicheng and existing business of the Group, it is expected that the Acquisition will have positive impacts on the future earnings of the Group in the long run.

It should be noted that the analyses above are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will be after Completion.

OPINION

Having taken into account the above principal factors and reasons, we are of the view that the terms of the Agreement and the grant of the Specific Mandate are on normal commercial terms and are fair and reasonable and the Acquisition and the grant of the Specific Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise, and ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution(s) at the EGM to approve the Agreement and the transactions contemplated thereunder (including the Acquisition) and the grant of the Specific Mandate.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited

Hidulf Kwan	**Rebecca Mak**
Managing Director	*Director*

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

A. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 March 2016 and 31 March 2017 was disclosed in the section headed "Financial information" and Appendix I to the prospectus of the Company published on 12 February 2018 on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.oneforce.com.cn).

Financial information of the Group for the year ended 31 March 2018 was disclosed on page 76 of the annual report 2018 of the Group published on 26 July 2018, which were published on both the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.oneforce.com.cn).

Unaudited interim financial information of the Group for the six months ended 30 September 2018 was disclosed on page 28 in the interim report of the Company published on 21 December 2018 on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.oneforce.com.cn).

Please see below the hyperlinks to the relevant prospectus, interim and annual reports of the Company:

(i) Prospectus of the Company:
http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0212/LTN20180212037.pdf

(ii) Annual report of the Company for the year ended 31 March 2018:
http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0726/LTN20180726514.pdf

(iii) Interim report of the Company for the six months ended 30 September 2018:
http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1221/LTN20181221710.pdf

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2018, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had outstanding borrowings of approximately RMB1.9 million, which was guaranteed by the director of the Aipu Zhicheng.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have any other outstanding bank borrowings, debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities.

C. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

D. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that following the completion of the Acquisition, after taking into account the Group's internal resources, cash flow from operations, facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances.

E. FINANCIAL AND TRADING PROSPECT OF THE GROUP

As an information technology service provider, the Group is dedicated to technical innovation and its application in smart energy industry. The Group provides smart energy information technology services, including: tailor-made software systems, technical services and hardware equipment, to various types of energy companies.

For the six months ended 30 September 2018, the Group maintained healthy business development and recorded steady growth in sales revenue. The revenue of the Group slightly increased by approximately RMB871,000, which is due to stronger performance in the provision of technical services segment, and less revenue generated from sale of software systems and hardware businesses. However, the Group incurred a loss of approximately RMB2,170,000 during the six months ended 30 September 2018 as compared with a profit of approximately RMB2,735,000 during the corresponding period in 2017. The decrease in profit attributed to equity shareholders of the Company is mainly due to: 1) increase in cost of sales and the corresponding decrease in gross profit as driven by higher staff outsourcing costs; and 2) increase in professional service costs after the listing of the Company's shares on 2 March 2018.

Aipu Zhicheng is principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of PI Point. The Directors believe that the business of Aipu Zhicheng, in particular the PI Point, has great potential in its application in electric power transmission and distribution industry. Meanwhile, it would also create synergy with the Group's existing business by offering one-stop hardware and software systems in relation to smart electricity transmission and distribution network in future and would further diversify and broaden the Group's revenue streams and drive further business growth considering the potential application of PI Point technology and the future development of smart city and other IIoT infrastructure applications. With the Group's resources, expertise and experience in the electric power transmission and distribution industry, the Group will devote resources into the promotion of the application of PI Point in the electric power transmission and distribution industry. In 2019, the Group plans to promote the adoption of PI Point to electric power retailing companies in various cities and districts. Furthermore, with the strategic cooperation with the controlling shareholders of Beikong Zhike, the Group will continue to be engaged in the investment, construction and operation of smart city and related IIoT infrastructure in the PRC via Beikong Zhike.

The following is the text of a report, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEIJING AIPU ZHICHENG INTERNET TECHNOLOGY COMPANY LIMITED TO THE DIRECTORS OF ONEFORCE HOLDINGS LIMITED

INTRODUCTION

We report on the historical financial information of Beijing Aipu Zhicheng Internet Technology Company Limited ("Aipu Zhicheng" 北京艾普智城網絡科技有限公司#) set out on pages 61 to 95, which comprise the statements of financial position of the Aipu Zhicheng as at 31 December 2015, 2016 and 2017 and 30 September 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the cash flow statements, for each of the years ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2018 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 61 to 95 forms an integral part of this report, which has been prepared for inclusion in the circular of OneForce Holdings Limited ("OneForce" or the "Company") dated 15 January 2019 in connection with the proposed acquisition of Aipu Zhicheng by the Company (the "Transaction").

DIRECTORS' RESPONSIBILITY FOR HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our audit in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standards require that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

English translation for identification only

Our work involves performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of Aipu Zhicheng's financial position as at 31 December 2015, 2016 and 2017 and 30 September 2018 and of Aipu Zhicheng's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD CORRESPONDING FINANCIAL INFORMATION

We have reviewed the stub period corresponding financial information of Aipu Zhicheng which comprises, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the nine months ended 30 September 2017 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review 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. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED.

Adjustments

In preparing the Historical Financial information, no adjustments to the Underlying Financial Statements as defined on page 61 have been made.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 January 2019

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of Aipu Zhicheng for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Years ended 31 December			Nine months ended 30 September	
	Note	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*4*	2,033	135	2,073	73	6,830
Cost of sales		(757)	–	(686)	(64)	(6,102)
Gross profit		1,276	135	1,387	9	728
Administrative and other operating expenses		(5,245)	(1,222)	(488)	(454)	(1,139)
(Loss)/profit from operations		(3,969)	(1,087)	899	(445)	(411)
Finance costs	*5(a)*	–	–	(807)	(785)	(76)
Share of loss of an associate		–	–	–	–	(1,606)
(Loss)/profit before taxation	*5*	(3,969)	(1,087)	92	(1,230)	(2,093)
Income tax	*6*	–	–	–	–	707
(Loss)/profit and total comprehensive income for the year/period		(3,969)	(1,087)	92	(1,230)	(1,386)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION
(Expressed in RMB)

	Note	As at 31 December 2015 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2017 RMB'000	As at 30 September 2018 RMB'000
Non-current assets					
Property, plant and equipment	9	242	9,634	19,756	26,275
Intangible assets	10	52,436	61,743	60,498	57,164
Interests in an associate	11	–	–	–	4,394
Deferred tax assets	19	–	–	–	707
		52,678	71,377	80,254	88,540
Current assets					
Inventories	12	7,871	6,860	6,175	176
Trade receivables	13	2,462	1,958	1,000	–
Prepayments and other receivables	14	609	19,338	1,821	2,160
Cash and cash equivalents	15	492	144	128	106
		11,434	28,300	9,124	2,442
Current liabilities					
Trade payables	16	47,011	21,916	56	1,104
Other payables and accruals	17	14,039	2,536	12,736	14,047
Bank loans	18	–	–	1,269	1,900
		61,050	24,452	14,061	17,051
Net current (liabilities)/assets		(49,616)	3,848	(4,937)	(14,609)
Total assets less current liabilities		3,062	75,225	75,317	73,931
Net assets		3,062	75,225	75,317	73,931

	Note	As at 31 December 2015	2016	2017	As at 30 September 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Capital and reserves	20				
Paid-in capital		10,000	81,050	81,050	81,050
Reserves		(6,938)	(5,825)	(5,733)	(7,119)
Total equity		3,062	75,225	75,317	73,931

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Paid-in capital	Capital reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	10,000	–	(2,969)	7,031
Loss and total comprehensive income	–	–	(3,969)	(3,969)
At 31 December 2015 and 1 January 2016	10,000	–	(6,938)	3,062
Loss and total comprehensive income	–	–	(1,087)	(1,087)
Capital contributions	71,050	2,200	–	73,250
At 31 December 2016 and 1 January 2017	81,050	2,200	(8,025)	75,225
Profit and total comprehensive income	–	–	92	92
At 31 December 2017 and 1 January 2018	81,050	2,200	(7,933)	75,317
Loss and total comprehensive income	–	–	(1,386)	(1,386)
At 30 September 2018	81,050	2,200	(9,319)	73,931
At 1 January 2017	81,050	2,200	(8,025)	75,225
Loss and total comprehensive income (unaudited)	–	–	(1,230)	(1,230)
At 30 September 2017 (unaudited)	81,050	2,200	(9,255)	73,995

The accompanying notes form part of the Historical Financial Information.

CASH FLOW STATEMENTS
(Expressed in RMB)

	Years ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
(Loss)/profit before taxation	(3,969)	(1,087)	92	(1,230)	(2,093)
Adjustment for:					
Depreciation and amortisation	19	51	53	39	237
Provision for doubtful accounts	–	354	–	–	–
Finance costs	–	–	807	785	76
Share of loss of an associate	–	–	–	–	1,606
Changes in working capital:					
(Increase)/decrease in inventories	(3,957)	(206)	685	64	5,999
Decrease/(increase)/in trade receivables	398	1,530	(422)	501	1,000
(Increase)/decrease in prepayments and other receivables	(303)	(18,729)	17,517	17,601	(339)
Increase/(decrease) in trade payables	1,841	(179)	178	499	1,048
(Decrease)/increase in other payables and accruals	6,801	(12,883)	11,580	11,030	(1,688)
Cash generated from/(used in) operating activities	830	(31,149)	30,490	29,289	5,846
Income tax paid	–	–	–	–	–
Net cash generated from/(used in) operating activities	830	(31,149)	30,490	29,289	5,846
Investing activities					
Investment in an associate	–	–	–	–	(6,000)
Purchase of property, plant and equipment, and intangible assets	(2,977)	(42,449)	(30,968)	(29,216)	(3,423)
Net cash used in investing activities	(2,977)	(42,449)	(30,968)	(29,216)	(9,423)

		Years ended 31 December			Nine months ended 30 September	
	Note	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities						
Proceeds from new borrowings		–	–	39,269	39,269	4,900
Repayment of borrowings		–	–	(38,000)	(38,000)	(1,269)
Interest paid		–	–	(807)	(785)	(76)
Capital contributions from the equity holders		–	73,250	–	–	–
Net cash generated from financing activities		–	73,250	462	484	3,555
Net (decrease)/increase in cash and cash equivalent		(2,147)	(348)	(16)	557	(22)
Cash and cash equivalent at the beginning of the year/period	*15(a)*	2,639	492	144	144	128
Cash and cash equivalent at the end of the year/period	*15(a)*	492	144	128	701	106

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation and presentation of the Historical Financial Information

北京艾普智城網絡科技有限公司 (Beijing Aipu Zhicheng Internet Technology Company Limited#, referred to herein as "Aipu Zhicheng") was established in the People's Republic of China (the "PRC") on 27 December 2013 as a company with limited liability under the laws of the PRC. Aipu Zhicheng principally engaged in the investment, construction and operation of smart city infrastructure in the PRC which includes, among others, the development and construction of lampposts network infrastructure with integrated smart control and wifi stations.

The Historical Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all individual IFRSs, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, Aipu Zhicheng has adopted all applicable new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting periods beginning after 1 January 2018. The revised and new accounting standard and interpretations issued but not yet effective for accounting year beginning on 1 January 2018 are set out in Note 25.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information for the nine months ended 30 September 2017 has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information has been prepared on the basis that Aipu Zhicheng will continue as a going concern notwithstanding the net current liabilities of Aipu Zhicheng as at 31 December 2015, 2017 and 30 September 2018 on the strength of an undertaking provided by the immediate parent company, 北京艾格瑞德科技有限公司 (Beijing Aige Reide Technology Limited#, referred to herein as "Aige Reide"), to continue to provide such financing support as is necessary to maintain Aipu Zhicheng as a going concern basis.

2 Significant accounting policies

(a) Basis of measurement

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of Aipu Zhicheng.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Use of estimates and judgements

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 Relevant Periods in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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) Associates

An associate is an entity in which Aipu Zhicheng has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of Aipu Zhicheng's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of Aipu Zhicheng's equity investment. Thereafter, the investment is adjusted for the post acquisition change in Aipu Zhicheng's share of the investee's net assets and any impairment loss relating to the investment (see Notes 2(g)(ii)). Any acquisition-date excess over cost, Aipu Zhicheng's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas Aipu Zhicheng's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the statement of profit or loss and other comprehensive income.

When Aipu Zhicheng's share of losses exceeds its interest in the associate, Aipu Zhicheng's interest is reduced to nil and recognition of further losses is discontinued except to the extent that Aipu Zhicheng has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, Aipu Zhicheng's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of Aipu Zhicheng's net investment in the associate.

Unrealised profits and losses resulting from transactions between Aipu Zhicheng and its associates are eliminated to the extent of Aipu Zhicheng's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when Aipu Zhicheng ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(g)(ii)). The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(q)). Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follow:

– Lease hold improvement	Shorter between lease period and 10 years
– Motor vehicles, office equipment and other equipment	4 to 5 years

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) Intangible assets

Expenditure on an internal research and development projects is distinguished between the expenditures during the research phase and expenditures during the development phase. Research activities involve original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development activities involve a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and Aipu Zhicheng has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (Note 2(g)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by Aipu Zhicheng are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(g)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss or to be included in the carrying amount of property, plant and equipment on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Software and patents	5 years

Both the period and method of amortisation are reviewed annually.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if Aipu Zhicheng determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to Aipu Zhicheng

Assets that are held by Aipu Zhicheng under leases which transfer to Aipu Zhicheng substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to Aipu Zhicheng are classified as operating leases.

(ii) Operating lease charges

Where Aipu Zhicheng has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

Aipu Zhicheng recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to Aipu Zhicheng in accordance with the contract and the cash flows that Aipu Zhicheng expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which Aipu Zhicheng is exposed to credit risk.

In measuring ECLs, Aipu Zhicheng takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on Aipu Zhicheng's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, Aipu Zhicheng recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, Aipu Zhicheng compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, Aipu Zhicheng considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to Aipu Zhicheng in full, without recourse by Aipu Zhicheng to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. Aipu Zhicheng considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to Aipu Zhicheng.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Aipu Zhicheng recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, Aipu Zhicheng assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when Aipu Zhicheng determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets; and

– investments in an associate.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

A receivable is recognised when Aipu Zhicheng has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before Aipu Zhicheng has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(g)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of Aipu Zhicheng's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(g)(i).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Aipu Zhicheng's accounting policy for borrowing costs (see Note 2(q)).

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when Aipu Zhicheng can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(n) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, Aipu Zhicheng controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting year/period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if Aipu Zhicheng has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, Aipu Zhicheng intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Aipu Zhicheng has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue and other income

Income is classified by Aipu Zhicheng as revenue when it arises from the sale of goods, the provision of services in the ordinary course of Aipu Zhicheng's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which Aipu Zhicheng is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to Aipu Zhicheng, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. Aipu Zhicheng takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of Aipu Zhicheng's revenue and other income recognition policies are as follows:

(i) Sale of software systems

Revenue from the sale of software systems is recognised using the percentage of completion method. Revenue from a fixed price contract is measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(ii) Sale of hardware

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any sales discounts.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(g)(i)).

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(r) Related parties

(a) A person, or a close member of that person's family, is related to Aipu Zhicheng if that person:

(i) has control or joint control over Aipu Zhicheng;

(ii) has significant influence over Aipu Zhicheng; or

(iii) is a member of the key management personnel of Aipu Zhicheng or Aipu Zhicheng's parent.

(b) An entity is related to Aipu Zhicheng if any of the following conditions applies:

(i) The entity and Aipu Zhicheng are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Aipu Zhicheng or an entity related to Aipu Zhicheng.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a company of which it is a part, provides key management personnel services to Aipu Zhicheng or to Aipu Zhicheng's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to Aipu Zhicheng's most senior executive management for the purposes of allocating resources to, and assessing the performance of, Aipu Zhicheng's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgement and estimates

Sources of estimation uncertainty

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

(i) 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 Aipu Zhicheng's net asset value. Aipu Zhicheng 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 realizsable value.

(ii) Impairment of intangible assets

If circumstances indicate that the carrying amount of intangible assets may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of intangible assets as described in Note 2(g)(ii). 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. Aipu Zhicheng 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 periods.

4 Revenue and segment reporting

(a) Revenue

Aipu Zhicheng is principally engaged in the investment, construction and operation of smart city infrastructure in the PRC which includes, among others, the development and construction of lampposts network infrastructure with integrated smart control and wifi stations.

Revenue in Relevant Periods represents contract revenue from the sales of software system and the sales of hardware. The amounts of each significant category of revenue recognised during the Relevant Periods are as follows:

	Years ended 31 December			**Nine months ended 30 September**	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of software systems	1,981	–	2,073	73	6,782
Sales of hardwares	52	135	–	–	48
	2,033	135	2,073	73	6,830

During the Relevant Periods, Aipu Zhicheng's customers with whom transactions have exceeded 10% of Aipu Zhicheng's revenue in the respective years or periods are set out below:

	Years ended 31 December			**Nine months ended 30 September**	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	679	*	*	*	*
Customer B	1,302	*	2,000	*	*
Customer C	*	135	*	*	*
Customer D	*	*	*	73	*
Customer E	*	*	*	*	6,000

* Transactions from these customers did not exceed 10% of Aipu Zhicheng's revenue in the respective year or period.

All revenue are generated in mainland China. Aipu Zhicheng's non-current assets, including property, plant and equipment and intangible assets are all located in the PRC.

Details of concentrations of credit risk arising from this customer are set out in Note 21(a).

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Aipu Zhicheng's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, Aipu Zhicheng has determined that it only has one operating segment which is the construction and operation of smart city infrastructure.

5 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

		Years ended 31 December			Nine months ended 30 September	
	Note	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(a) Finance costs						
Interest on borrowings		–	–	807	785	76
(b) Staff costs						
Salaries, wages and other benefits		2,146	108	–	–	373
Contributions to defined contribution retirement scheme		181	4	–	–	29
		2,327	112	–	–	402
(c) Other items						
Provision for doubtful accounts		–	354	–	–	–
Depreciation		19	51	53	39	238
Operating lease charges		134	106	24	24	14
Cost of inventories sold	*12*	755	–	686	64	6,080

Cost of inventories includes RMB562,000, RMB nil, RMB510,000, RMB48,000 (unaudited) and RMB4,524,000 of staff costs for the years ended 31 December 2015, 2016 and 2017, and nine months ended 30 September 2017 (unaudited) and 2018 respectively, and RMB10,000, RMB2,000, RMB nil, RMB nil (unaudited) and RMB224,000 of depreciation and amortisation for the years ended 31 December 2015, 2016 and 2017 and nine months ended 30 September 2017 (unaudited) and 2018, respectively, which amounts are also included in the respective total amount disclosed separately above or in Note 5(b) for each of these types of expenses.

6 Income tax in the statements of profit or loss

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

	Years ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before taxation	(3,969)	(1,087)	92	(1,230)	(2,093)
Expected tax on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profit in the jurisdictions concerned	(992)	(272)	23	(308)	(524)
Tax effect of non-deductible expenses	55	52	58	25	20
Statutory tax concession	374	88	(32)	114	202
Effect of tax losses and deductible temporary difference not recognised	563	132	–	169	241
Effect of recognition of tax losses and deductible temporary in previous year	–	–	–	–	(646)
Tax effect of tax losses utilised while not recognised in prior years	–	–	(49)	–	–
Actual tax expense	–	–	–	–	(707)

(i) Aipu Zhicheng has obtained an approval from the tax bureau to be taxed as an enterprise with advanced and new technologies, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% from 1 December 2016 to 30 November 2019.

7 Director's emoluments

Details of the emoluments of the director during the Relevant Periods are as follows:

	Year ended 31 December 2015				
	Director's fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Mr Wu Zhanjiang	–	362	25	17	404

	Year ended 31 December 2016				
	Director's fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Mr Wu Zhanjiang	–	354	–	19	373

	Year ended 31 December 2017				
	Director's fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Mr Wu Zhanjiang	–	348	–	19	367

	Nine months ended 30 September 2017 (unaudited)				
	Director's fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Mr Wu Zhanjiang	–	261	–	14	275

	Nine months ended 30 September 2018				
	Director's fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive sole director					
Mr Wu Zhanjiang	–	260	–	16	276

During the Relevant Periods, no emoluments were paid by Aipu Zhicheng to the director as an inducement to join or upon joining Aipu Zhicheng as compensation for loss of office.

8 Individuals with highest emoluments

During the Relevant Periods, of the five individuals with the highest emoluments, one director whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the remaining highest paid individuals, are as follows:

	Years ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	942	1,131	1,107	827	848
Discretionary bonuses	52	–	–	–	–
Retirement scheme contributions	36	42	43	32	31
	1,030	1,173	1,150	859	879

The emoluments of the individuals who are not director and who are amongst the five highest paid individuals of Aipu Zhicheng are within the following bands:

	Years ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
RMB Nil – RMB500,000	4	4	4	4	4

9 Property, plant and equipment

	Motor vehicles, office equipments and other equipments *RMB'000*	Lease hold improvement *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2015	259	–	–	259
Additions	28	–	–	28
At 31 December 2015 and 1 January 2016	287	–	–	287
Additions	10	–	9,574	9,584
Disposals	(141)	–	–	(141)
At 31 December 2016 and 1 January 2017	156	–	9,574	9,730
Additions	44	–	10,131	10,175
At 31 December 2017 and 1 January 2018	200	–	19,705	19,905
Additions	–	–	6,757	6,757
Transfer	–	26,462	(26,462)	–
At 30 September 2018	200	26,462	–	26,662
Less: Accumulated depreciation:				
At 1 January 2015	26	–	–	26
Charge for the year	19	–	–	19
At 31 December 2015 and 1 January 2016	45	–	–	45
Charge for the year	51	–	–	51
At 31 December 2016 and 1 January 2017	96	–	–	96
Charge for the year	53	–	–	53
At 31 December 2017 and 1 January 2018	149	–	–	149
Charge for the period	17	221	–	238
At 30 September 2018	166	221	–	387

	Motor vehicles, office equipments and other equipments	Lease hold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net book value				
At 31 December 2015	242	–	–	242
At 31 December 2016	60	–	9,574	9,634
At 31 December 2017	51	–	19,705	19,756
At 30 September 2018	34	26,241	–	26,275

Aipu Zhicheng entered an agreement with Committee on Economy and Informatization of Mentougou District to obtain the right of use of light poles for 10 years with no consideration. Aipu Zhicheng renovated the poles to provide smart city infrastructure service.

10 Intangible assets

	Software and patents
	RMB'000
Cost:	
At 1 January 2015	1,729
Additions	50,707
At 31 December 2015 and 1 January 2016	52,436
Additions	13,988
At 31 December 2016 and 1 January 2017	66,424
Additions	8,118
At 31 December 2017 and 1 January 2018	74,542
Additions	2,908
At 30 September 2018	77,450

	Software and patents *RMB'000*
Less: Accumulated amortisation	
At 1 January 2015, 31 December 2015 and 1 January 2016	–
Charge for the year	4,681
At 31 December 2016 and 1 January 2017	4,681
Charge for the year	9,363
At 31 December 2017 and 1 January 2018	14,044
Charge for the period	6,242
At 30 September 2018	20,286
Net book value:	
At 31 December 2015	52,436
At 31 December 2016	61,743
At 31 December 2017	60,498
At 30 September 2018	57,164

11 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	Aipu Zhicheng's effective interest	Principal activity
北京北控智科能源互聯網有限公司 (Beijing Beikong Zhike Energy Internet Company Limited#)	Limited Liability Company	PRC	RMB15,400,020	38.96%	Development of smart city energy internet

English translation for identification only

In 2018, Aipu Zhicheng acquired the equity interest of 北京北控智科能源互聯網有限公司 (Beijing Beikong Zhike Energy Internet Company Limited#, referred to herein as "Beikong Zhike") with initial investment amounted to RMB6,000,000, representing 38.96% of the Beikong Zhike's effective interest. The associate is accounted for using the equity method in the financial statements.

Summarised information of the associate:

	Nine months ended 30 September 2018
	RMB'000
Amounts of Aipu Zhicheng's share of the associate	
Loss from continuing operations	4,123
Other comprehensive income	–
Total comprehensive income	4,123

12 Inventories

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hardwares	1,827	816	816	176
Software systems under development	6,044	6,044	5,359	–
	7,871	6,860	6,175	176

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

	Years ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of inventories sold	755	–	686	64	6,080

13 Trade receivables

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from third parties	2,462	2,312	1,354	354
Less: allowance for doubtful debts	–	354	354	354
	2,462	1,958	1,000	–

All of the trade receivables are expected to be recovered within one year, except for retention receivables of RMB217,000, RMB217,000, RMB nil and RMB nil at 31 December 2015, 2016 and 2017 and 30 September 2018, which are expected to be recovered in more than one year.

(a) Ageing analysis

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

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	2,462	1,380	1,000	–
1 to 2 years	–	578	–	–
2 to 3 years	–	–	–	–
Over 3 years	–	–	–	–
	2,462	1,958	1,000	–

Aipu Zhicheng 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 receivables are recorded using an allowance account unless Aipu Zhicheng is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

14 Prepayments and other receivables

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for technical service fee	126	419	437	402
Prepayment for miscellaneous expenses	89	99	211	372
Amounts due from related parties *(Note 23(d))*	–	17,780	–	–
Staff advances	369	363	410	543
Deductible input VAT	1	591	706	748
Others	24	86	57	95
	609	19,338	1,821	2,160

15 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	492	144	128	106

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in Aipu Zhicheng's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in Aipu Zhicheng's cash flow statement as cash flows from financing activities.

	Interest Payable	Other payables and accruals	Borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 17)	*(Note 18)*	
At 1 January 2017	–	–	–	–
Changes from financing cash flows:				
Proceeds from new borrowings	–	–	39,269	39,269
Repayment of borrowings	–	–	(38,000)	(38,000)
Interest paid	(807)	–	–	(807)
Total changes from financing cash flows	(807)	–	1,269	462
Other Changes				
Interest on borrowings	807	–	–	807
At 31 December 2017 and 1 January 2018	–	–	1,269	1,269
Changes from financing cash flows:				
Proceeds from new borrowings	–	3,000	1,900	4,900
Repayment of borrowings	–	–	(1,269)	(1,269)
Interest paid	(76)	–	–	(76)
Total changes from financing cash flows	(76)	3,000	1,900	4,824
Other Changes				
Interest on borrowings	76	–	–	76
At 30 September 2018	–	3,000	1,900	4,900

16 Trade payables

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables to:				
– related parties *(Note 23(d))*	46,956	21,480	–	593
– third parties	55	436	56	511
	47,011	21,916	56	1,104

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

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

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	46,856	–	42	1,080
1 to 2 years	155	21,902	–	10
2 to 3 years	–	14	–	–
Over 3 years	–	–	14	14
	47,011	21,916	56	1,104

17 Other payables and accruals

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties *(Note 23(d))*	13,447	–	9,700	9,700
Amounts due to third parties	50	1,351	2,566	1,027
Cash advanced from individual	–	–	–	3,000
Payables for staff related costs	361	649	347	235
Other taxes payables	66	70	41	31
Others	115	466	82	54
	14,039	2,536	12,736	14,047

18 Bank loans

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term bank loans, guaranteed *(Note i)*	–	–	1,269	1,900

Note (i): As at 31 December 2017 and 30 September 2018, the bank loans of RMB1,269,000 and RMB1,900,000 are guaranteed by the executive director.

19 Deferred tax assets

(a) Movement of deferred tax assets

	Provision of doubt accounts	**Unused tax losses**
	RMB'000	*RMB'000*
At 1 January 2017	–	–
Credited to profit or loss	53	654
At 30 September 2018	53	654

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(n), Aipu Zhicheng has not recognised deferred tax assets on cumulative tax losses of RMB3,750,000, RMB4,276,000, and RMB3,951,000 as at 31 December 2015, 2016, and 2017, temporary differences related to provision of doubt accounts of RMB354,000 as at 31 December 2016 and 2017, and loss of equity investment of RMB1,649,000 as at 30 September 2018, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

20 Capital and reserves

(a) Distributions

No distributions have been made by Aipu Zhicheng during the Relevant Periods.

(b) Paid-in capital

	Amount
	RMB'000
At 1 January and 31 December 2015, and 1 January 2016	10,000
Contributions from equity holders	71,050
At 31 December 2016 and 2017, and 30 September 2018	81,050

(c) Capital Reserve

Capital reserve represents the difference between the amount of paid-in capital contributed from equity holders and the amount of the net proceeds received.

(d) Capital management

Aipu Zhicheng's primary objectives when managing capital are to safeguard Aipu Zhicheng's ability to continue as a going concern, so that it can continue to provide returns and benefits for equity holders, and to maintain an optimal capital structure to reduce the cost of capital.

Aipu Zhicheng actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity holders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Aipu Zhicheng is not subject to externally imposed capital requirements.

21 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and interest rate risks arises in the normal course of Aipu Zhicheng's business.

Aipu Zhicheng's exposure to these risks and the financial risk management policies and practices used by Aipu Zhicheng to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Aipu Zhicheng. Aipu Zhicheng's credit risk is primarily attributable to trade receivables, prepayment and other receivables. Aipu Zhicheng exposure to credit risk arising from cash and cash equivalents is limited because the cash at bank of Aipu Zhicheng are held with well-known financial institutions for which Aipu Zhicheng considers to have low credit risk.

Trade receivables

Aipu Zhicheng's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when Aipu Zhicheng has significant exposure to individual customers. As at 31 December 2015, 2016, and 2017, 56%, 68%, and 100% of the total trade receivables was due from Aipu Zhicheng's largest customer.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For project contracts, Aipu Zhicheng generally requires customers to settle billings in accordance with contracted terms, whereas for sales of goods, Aipu Zhicheng generally requires customers to settle immediately after the completion of the related transactions.

Aipu Zhicheng measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As Aipu Zhicheng's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between Aipu Zhicheng's different customer bases. The director of Aipu Zhicheng is of the opinion that the expected loss rate for the trade receivables which aging less than 1 year is nil.

(b) Liquidity risk

Aipu Zhicheng is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Aipu Zhicheng's board when the borrowings exceed certain predetermined levels of authority. Aipu Zhicheng's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of Aipu Zhicheng's non-derivative financial liabilities, which are based on contractual undiscounted cash flows including interest payments computed using contractual rates and the earliest date Aipu Zhicheng can be required to pay:

	31 December 2015 Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at 31 December**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	47,011	–	–	47,011	47,011
Other payables and accruals	14,039	–	–	14,039	14,039
	61,050	–	–	61,050	61,050

	31 December 2016 Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at 31 December**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	21,916	–	–	21,916	21,916
Other payables and accruals	2,536	–	–	2,536	2,536
	24,452	–	–	24,452	24,452

	31 December 2017 Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	1,269	–	–	1,269	1,269
Trade payables	56	–	–	56	56
Other payables and accruals	12,736	–	–	12,736	12,736
	14,061	–	–	14,061	14,061

	30 September 2018 Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	1,900	–	–	1,900	1,900
Trade payables	1,104	–	–	1,104	1,104
Other payables and accruals	14,047	–	–	14,047	14,047
	17,051	–	–	17,051	17,051

(c) Fair value measurement

Fair values of financial instruments carried at other than fair value

The carrying amounts of Aipu Zhicheng's financial instruments carried at cost or amortised cost are not materially different from their fair values during the Relevant Periods.

22 Commitments

At the respective reporting period end dates, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	935	949	508	421
After 1 year but within 2 years	585	112	423	181
	1,520	1,061	931	602

23 Material related party transactions

(a) *Key management personnel remuneration*

Remuneration for key management personnel of Aipu Zhicheng, including amounts paid to Aipu Zhicheng's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	Years ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Salaries and other emoluments	1,304	1,485	1,455	1,088	1,108
Discretionary bonuses	77	–	–	–	–
Retirement scheme contributions	53	61	62	51	47
	1,434	1,546	1,517	1,139	1,155

Total remuneration is included in "staff costs" (see note 5(b)).

(b) *Identity of related parties*

During the Relevant Periods, the directors are of the view that the following companies are related parties of Aipu Zhicheng:

Name of party	**Relationship**
Aige Reide	Immediate holding company
Beijing Along Grid Technology Company Limited (Along Grid)	Fellow subsidiary
Beijing Aige Reide Investment Company Limited (Aige Reide Investment)	Fellow subsidiary
Beikong Zhike	Associate

(c) Transactions with related parties

	Years ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Purchases of Software and patents from Along Grid	–	46,815	–	–	–
Rendering of services to					
Aige Reide	–	–	–	–	6,000
Along Grid	–	559	–	–	720
Beikong Zhike	–	–	–	–	29
Services provided by					
Along Grid	2,612	338	–	–	–
Amounts received from					
Aige Reide	9,000	2,000	10,550	10,550	–
Along Grid	–	3,000	–	–	–
Aige Reide Investment	–	–	26,780	26,780	6,000
Repayments to					
Aige Reide	–	11,000	250	250	–
Along Grid	–	3,000	–	–	–
Aige Reide Investment	–	–	26,000	26,000	6,000
Amounts to					
Aige Reide	–	17,780	20,220	20,220	–
Along Grid	–	–	16,520	16,520	–
Aige Reide Investment	–	–	–	–	5,220

(d) Balances with related parties

		As at 31 December			As at 30 September
	Note	**2015**	**2016**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments and other receivables	*14*				
Aige Reide		–	17,780	–	–
Trade payables	*16*				
Along Grid		46,956	21,480	–	92
Beikong Zhike		–	–	–	501
Other payables and accruals	*17*				
Aige Reide		9,000	–	8,920	8,920
Along Grid		4,447	–	–	–
Aige Reide Investment		–	–	780	780

24 Immediate and ultimate controlling party

At 31 December 2015, 2016 and 2017 and 30 September 2018, the director considers the immediate parent and ultimate controlling party of Aipu Zhicheng to be Aige Reide, which is established in the PRC. This entity does not produce financial statements available for public use.

25 Possible impact of amendments, new standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2018

Up to the date of issue of this report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to Aipu Zhicheng.

	Effective for accounting periods beginning on or after
IFRS 16, *Leases*	1 January 2019
Amendments to HKFRS 9 *Prepayment features with negative compensation*	1 January 2019
IFRIC 23, *Uncertainty over income tax treatments*	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019
Amendments to IAS 28, *Long-term interest in associates and joint ventures*	1 January 2019

Aipu Zhicheng is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on Aipu Zhicheng's results of operations and financial position. The actual impact upon the initial adoption of these amendments, new standard and interpretations may differ as the assessment completed to date is based on the information currently available to Aipu Zhicheng, and further impacts may be identified before the amendments, standards and interpretations are initially applied.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS ON AIPU ZHICHENG

Business and financial results of Aipu Zhicheng

As at the Latest Practicable Date, Aipu Zhicheng was principally engaged in the research and development of communication technologies and its application in the development and construction of smart city and IIoT related areas, as well as the sale of PI Point, which is an electric power and information hub embedded with its self-developed technology.

For the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and the nine months ended 30 September 2018, Aipu Zhicheng recorded:

1. revenue of approximately RMB2,033,000, RMB135,000, RMB2,073,000 and RMB6,830,000 respectively, which mainly comprised revenue derived from the sale of software systems and sales of hardwares;

2. gross profit of approximately RMB1,276,000, RMB135,000, RMB1,387,000 and RMB728,000 respectively;

3. administrative and other operating expenses of approximately RMB5,245,000, RMB1,222,000 RMB488,000 and RMB1,139,000, respectively, which mainly comprised salaries paid to employees;

4. finance costs of nil, nil, approximately RMB807,000 and RMB76,000 respectively, which primarily comprised interest charged on its borrowings;

5. income tax of approximately RMB707,000 incurred during the nine months ended 30 September 2018; and

6. a loss after taxation of approximately RMB3,969,000 and RMB1,087,000 during the years ended 31 December 2015 and 31 December 2016, a profit after taxation of RMB92,000 during the year ended 31 December 2017 and a loss after taxation of RMB1,386,000 during the nine months ended 30 September 2018.

Financial position and other financial information of Aipu Zhicheng

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018, Aipu Zhicheng had:

(i) property, plant and equipment of approximately RMB242,000, RMB9,634,000, RMB19,756,000, RMB26,275,000, which primarily represent motor vehicles, office equipment and other equipment, leasehold improvement and construction in progress;

(ii) intangible assets of approximately RMB52,436,000, RMB61,743,000, RMB60,498,000 and RMB57,164,000, which primarily represent software and patents;

(iii) inventories of approximately RMB7,871,000, RMB6,860,000, RMB6,175,000 and RMB176,000, which primarily represent hardware and software systems under development;

(iv) prepayments and other receivables of approximately RMB609,000, RMB19,338,000, RMB1,821,000 and RMB2,160,000, which primarily represent prepayment for technical service fee, prepayment from miscellaneous expenses and staff advances; and

(v) trade payables of approximately RMB47,011,000, RMB21,916,000, RMB56,000 and RMB1,104,000, which primarily represent trade payables to certain related parties and to third parties, all of which are expected to be settled within one year or are repayable on demand.

Liquidity and financial resources

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018, Aipu Zhicheng had (i) cash and cash equivalents of approximately RMB492,000, RMB144,000, RMB128,000 and RMB106,000 respectively, and (ii) net current liabilities of approximately RMB49,616,000, RMB4,937,000 and RMB14,609,000 as at 31 December 2015, 31 December 2017 and 30 September 2018 respectively and net current assets of RMB3,848,000 as at 31 December 2016.

Funding and treasury policies

Aipu Zhicheng maintains a centralised cash management system for the operation of its business units and its finance department oversees the investment and lending activities of the company. Treasury reports on cash and liquid investments, borrowings and movements thereof are distributed monthly.

For the three years ended 31 December 2017 and nine months ended 30 September 2018, there had been no material change in Aipu Zhicheng's funding and treasury policies. Aipu Zhicheng has a sufficient level of cash and banking facilities for the conduct of its operations in the normal course of business.

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

Capital structure and gearing ratio

The gearing ratio was approximately 95%, 25%, 16% and 19% as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018.

Contingent liabilities

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018, Aipu Zhicheng did not have any contingent liabilities.

Pledge of assets

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018, Aipu Zhicheng did not pledge any of its assets for any borrowing or loan.

Foreign currencies

During the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and the nine months ended 30 September 2018, most of business transactions, assets and liabilities of Aipu Zhicheng were denominated in RMB. As such, Aipu Zhicheng currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank borrowings

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018, the outstanding bank loans of Aipu Zhicheng were nil, nil, approximately RMB1,269,000 and RMB1,900,000 respectively, all of which were at fixed interest rate.

Human resources

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018, Aipu Zhicheng employed a total of 68, 63, 22 and 11 employees respectively. The decrease in the number of staff employed was primarily attributed to the fact that Aipu Zhicheng has gradually shifted its focus to research and development and thus only research and development staff were retained.

Staff recruitment and promotion of Aipu Zhicheng are primarily based on the employee's experience, potential and performance. The remuneration and staff benefit policies are with reference to the competitive market salary levels.

Segmental information

During the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and the nine months ended 30 September 2018, Aipu Zhicheng was principally engaged in the construction and operation of smart city infrastructure, which represented the only single operating segment of Aipu Zhicheng.

Material acquisitions and disposals of subsidiaries and associated companies

In 2018, Aipu Zhicheng acquired the equity interest of Beikong Zhike with initial investment amounted to RMB6,000,000, representing 30% of the total equity interests in Beikong Zhike (according to the articles of Beikong Zhike, before all registered capital have been paid up, each of its shareholders is entitled to share any distribution or shareholder's right of Beikong Zhike in proportion to their respective contributed capital. As such, in proportion to their respective actual capital contribution up to the Latest Practicable Date, Aipu Zhicheng was entitled to share approximately 38.9% of any distribution and shareholder's right of Beikong Zhike as at the Latest Practicable Date). Beikong Zhike's principal business is the design, implementation and operation of smart city-related IoT infrastructures.

Save as above, during the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and the nine months ended 30 September 2018, Aipu Zhicheng had no material acquisitions and disposals of subsidiaries and associated companies.

Future plans for material investments

Aipu Zhicheng did not have any future plans for material investments or acquisitions of capital assets.

The following is the text of a report, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

KPMG

Independent Reporting Accountants' Assurance Report On The Compilation Of Pro Forma Financial Information

To The Directors Of OneForce Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of OneForce Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2018 and related notes as set out in Part B of Appendix IV to the circular dated 15 January 2019 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part B of Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of Great Progress International Limited (the "Acquisition") on the Group's statement of assets and liabilities as at 30 September 2018 as if the Acquisition had taken place at 30 September 2018. As part of this process, information about the Group's statement of assets and liabilities as at 30 September 2018 has been extracted by the Directors from the interim financial report of the Group for the six months ended 30 September 2018, on which a review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 January 2019

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information of the Group, comprising the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2018 ("Unaudited Pro Forma Financial Information"), has been prepared to illustrate the effect of the Acquisition as if it had been completed on 30 September 2018.

The Unaudited Pro Forma Financial Information has been prepared in accordance with paragraph 4.29 of the Listing Rules by the directors of the Company for the purpose of illustrating the effect of the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisition been completed as of the specified dates or any other dates.

The Unaudited Pro Forma Financial Information is based upon the unaudited consolidated statement of financial position of the Group as at 30 September 2018, which has been extracted from the Company's published interim financial report for the six months ended 30 September 2018, and adjusted on a pro forma basis to reflect the effect of the Acquisition. These pro forma adjustments are directly attributable to the Acquisition and not relating to other future events and decision.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

(Expressed in Renminbi ("RMB") unless otherwise indicated)

Unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2018

		Pro Forma Adjustments				
	Consolidated statement of assets and liabilities of the Group as at 30 September 2018	Statement of assets and liabilities of Aipu Zhicheng as at 30 September 2018	Statement of assets and liabilities of HK Company as at 30 September 2018			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	Note 1	*Note 2*	*Note 2*	*Note 3*	*Note 4*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets						
Property, plant and equipment	641	26,275	–	–	–	26,916
Intangible assets	19,734	57,164	–	–	–	76,898
Goodwill	–	–	–	1,398	–	1,398
Interest in associates	–	4,394	–	–	–	4,394
Deferred tax assets	–	707	–	–	–	707
	20,375	88,540	–	1,398	–	110,313
Current assets						
Inventories	12,463	176	–	–	–	12,639
Contract assets	42,989	–	–	–	–	42,989
Trade and bills receivables	41,271	–	–	–	–	41,271
Prepayments, deposits and other receivables	14,737	2,160	–	–	(92)	16,805
Cash and cash equivalents	73,382	106	41	–	–	73,529
	184,842	2,442	41	–	(92)	187,233

		Pro Forma Adjustments				
	Consolidated statement of assets and Libilities of the Group as at 30 September 2018	**Statement of assets and liabilities of Aipu Zhicheng as at 30 September 2018**	**Statement of assets and liabilities of HK Company as at 30 September 2018**			**Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group**
	Note 1	*Note 2*	*Note 2*	*Note 3*	*Note 4*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current Liabilities						
Trade and other payables	2,135	1,104	–	–	(92)	3,147
Other payables and accruals	7,148	14,047	–	–	–	21,195
Bank loans	–	1,900	–	–	–	1,900
Tax Payable	7,296	–	–	–	–	7,296
	16,579	17,051	–	–	(92)	33,538
Net current assets/(liabilities)	168,263	(14,609)	41	–	–	153,695
Total assets less current liabilities	188,638	73,931	41	1,398	–	264,008
Non-current liabilities						
Deferred tax liabilities	1,764	–	–	–	–	1,764
NET ASSETS	186,874	73,931	41	1,398	–	262,244

Notes:

1. The unadjusted consolidated statement of assets and liabilities of the Group as at 30 September 2018 is extracted from the consolidated statement of financial position of the Group as at 30 September 2018 as set out in the published interim financial report of the Company for the six months ended 30 September 2018.

2. The statement of assets and liabilities of Aipu Zhicheng as at 30 September 2018 is extracted from the Historical Financial Information of Aipu Zhicheng as set out in Appendix II to this circular. The statement of assets and liabilities of HK Company is extracted from the statement of financial position of the HK Company as at 30 September 2018 as set out in the unaudited management accounts of the HK Company for the nine months ended 30 September 2018.

3. The Acquisition involves the acquisition of 100% equity interest in the Target Company pursuant to the terms of the Sale and Purchase Agreement at the consideration of approximately RMB75,000,000 (equivalent to approximately HKD86,550,000), which be satisfied by way of allotment and issue of 124,191,177 Consideration Shares as at the issue price of HKD0.68.

   Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and the identifiable assets and liabilities of the Target Group will be accounted for by the Group at their fair values in accordance with IFRS 3 ''Business Combinations''.

   The provisional purchase price allocation arising from the Acquisition of the Target Group is calculated as follows:

	RMB'000
Fair value of the Consideration Shares	75,370
Less:	
Fair value of net assets of Aipu Zhicheng as at 30 September 2018	73,931
Fair value of net assets of HK Company as at 30 September 2018	41
Goodwill arising from the Acquisition	1,398

   For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the 124,191,177 Consideration Shares based on the closing price of the shares of the Company as at 30 September 2018 of HK$0.69. The estimated fair value of the Consideration Shares has been converted into Renminbi at the People's Bank of China rate of HK$1.00000 to RMB0.87955 prevailing on 30 September 2018. No representation is made that Hong Kong dollars amount has been, could have been or may be converted to Renminbi, or vice versa, at that rate at any other rate or at at all.

   In addition, for the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the identifiable assets and liabilities of the Target Group as at 30 September 2018 with reference to a valuation report dated 14 January 2019 prepared by an independent valuer and are of the opinion that the carrying amounts approximate their fair value.

   Since the fair values of the Consideration Shares and the identifiable net assets of the Target Group at the completion date of the Acquisition may be different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information, the final amounts of the fair value of consideration transferred, the fair value of identifiable net assets (including intangible assets) and goodwill to be recognised in connection with the Acquisition may be different from the amounts presented above.

4. The adjustment represents the elimination of the prepayments, deposits and other receivables and trade and other payables within the enlarged group.

5. No adjustment has been made to the Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group and the Target Group subsequent to 30 September 2018.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the allotment and issue of the Consideration Shares will be, as follows:

Authorised share capital:		*HK$*
2,000,000,000	Shares	20,000,000
Issued and fully paid or credited as fully paid:		
381,072,000	Shares as at the Latest Practicable Date	3,810,720
Consideration Shares to be issued:		
124,191,177	*Consideration Shares to be issued*	1,241,911.77

The nominal value of the Shares and the Consideration Shares is HK$0.01 each. All the existing Shares rank pari passu in all respects including all rights as to dividend, voting and capital. The Consideration Shares to be issued upon Completion will rank pari passu in all respects with the existing issued Shares on the relevant date of allotment.

As at the Latest Practicable Date, the Company has 26,700,000 outstanding share options which in aggregate entitle the holders thereof to subscribe for 26,700,000 ordinary Shares in the Company. Save for such share options, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors, the chief executives of the Company and their associates in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the Shares and underlying Shares:

	Number of Shares			
Name of Director	**Interest in Shares**	**Interest in underlying Shares**	**Total interest in Shares**	**% Shareholding**
Wang Dongbin	60,000,000 *(Note 1)*	1,000,000 *(Note 2)*	61,000,000	16.01%
Wu Hongyuan	–	1,200,000 *(Note 2)*	1,200,000	0.31%
Li Kangying	60,000,000 *(Note 3)*	1,000,000 *(Note 2)*	61,000,000	16.01%
Wu Zhanjiang	60,000,000 *(Note 4)*	1,000,000 *(Note 2)*	61,000,000	16.01%
Ng Kong Fat, Brian	–	500,000 *(Note 2)*	500,000	0.13%
Han Bin	–	500,000 *(Note 2)*	500,000	0.13%
Wang Peng	–	500,000 *(Note 2)*	500,000	0.13%

Notes:

(1) These shares were held by Smart East, which was wholly owned by Mr. Wang as at the Latest Practicable Date.

(2) The Company granted the share options under its share option scheme on 30 July 2018.

(3) These Shares were held by Main Wealth, which was wholly owned by Mr. Li as at the Latest Practicable Date.

(4) These Shares were held by Union Sino, which was wholly owned by Mr. Wu as at the Latest Practicable Date.

Save as disclosed herein, as at the Latest Practicable Date to the knowledge of the Company, none of the Directors or chief executive of the Company had any interest or short position in any Share, underlying share or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, entered in the register referred to therein; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

4. Substantial Shareholders and other persons' interests in Shares and underlying shares

As at the Latest Practicable Date, substantial Shareholders and other persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares and underlying Shares

Name	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Smart East	Beneficial owner	60,000,000 *(Note 1)*	15.745%
Xiong Weiqin	Interest of spouse	61,000,000 *(Note 1)*	16.007%
Long Eagle	Beneficial owner	60,000,000 *(Note 2)*	15.745%
Cao Wei	Interest of a controlled corporation	60,000,000 *(Note 2)*	15.745%
Wang Jiangping	Interest of spouse	60,000,000 *(Note 2)*	15.745%
Main Wealth	Beneficial owner	60,000,000 *(Note 3)*	15.745%
An Ning	Interest of spouse	61,000,000 *(Note 3)*	16.007%
Union Sino	Beneficial owner	60,000,000 *(Note 4)*	15.745%
Zhang Jianhua	Interest of spouse	61,000,000 *(Note 4)*	16.007%
Chance Talent Management Limited	Beneficial owner	45,072,000 *(Note 5)*	11.828%
CCBI Investments Limited	Interest of a controlled corporation	45,072,000 *(Note 5)*	11.828%
CCB International (Holdings) Limited	Interest of a controlled corporation	45,072,000 *(Note 5)*	11.828%
CCB Financial Holdings Limited	Interest of a controlled corporation	45,072,000 *(Note 5)*	11.828%
CCB International Group Holdings Limited	Interest of a controlled corporation	45,072,000 *(Note 5)*	11.828%

Name	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
China Construction Bank Corporation	Interest of a controlled corporation	45,072,000 *(Note 5)*	11.828%
Central Huijin Investment Limited	Interest of a controlled corporation	45,072,000 *(Note 5)*	11.828%

Notes:

(1) These shares were held by Smart East, which was wholly owned by Mr. Wang as at the Latest Practicable Date, and Ms. Xiong Weiqin is the spouse of Mr. Wang. Ms. Xiong Weiqin is also deemed to be interested in 1,000,000 underlying Shares held by Mr. Wang, which was derived from the share options awarded to him by the Company on 30 July 2018.

(2) These Shares were held by Long Eagle, which was wholly owned by Mr. Cao as as at the Latest Practicable Date, and Ms. Wang Jiangping is the spouse of Mr. Cao.

(3) These Shares were held by Main Wealth, which was wholly owned by Mr. Li as at the Latest Practicable Date, and Ms. An Ning is the spouse of Mr. Li. Ms. An Ning is also deemed to be interested in 1,000,000 underlying Shares held by Mr. Li, which was derived from the share options awarded to him by the Company on 30 July 2018.

(4) These Shares were held by Union Sino, which was wholly owned by Mr. Wu as at the Latest Practicable Date, and Ms. Zhang Jianhua is the spouse of Mr. Wu. Ms. Zhang Jianhua is also deemed to be interested in 1,000,000 underlying Shares held by Mr. Wu, which was derived from the share options awarded to him by the Company on 30 July 2018.

(5) These Shares were held by Chance Talent Management Limited. China Construction Bank Corporation was owned by Central Huijin Investment Limited as to approximately 57.31% as at the Latest Practicable Date. CCB International Group Holdings Limited was wholly owned by China Construction Bank Corporation as at the Latest Practicable Date. CCB Financial Holdings Limited was wholly owned by CCB International Group Holdings Limited as at the Latest Practicable Date. CCB International (Holdings) Limited was wholly owned by CCB Financial Holdings Limited as at the Latest Practicable Date. CCBI Investments Limited was wholly owned by CCB International (Holdings) Limited as at the Latest Practicable Date. Chance Talent Management Limited was wholly owned by CCBI Investments Limited as at the Latest Practicable Date. Each of Central Huijin Investment Limited, China Construction Bank Corporation, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited and CCBI Investments Limited is deemed to be interested in the Shares which Chance Talent Management Limited is interested in.

Save as disclosed above, the Company was not notified by any person (other than the Directors or chief executive of the Company as disclosed in the above) who had interests or short positions in the Shares or underlying shares of the Company as at the Latest Practicable Date which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

5. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, none of the Directors or their respective associates had any business or interest apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. DIRECTORS' MATERIAL INTERESTS

As at the Latest Practicable Date, save and except the Acquisition,

(i) none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2018 (being the date to which the latest published audited financial statements of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group; and

(ii) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or terminable by the employer within one year, without payment of compensation (other than statutory compensation) between any of the Directors with any member of the Group.

9. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operation or financial conditions of the Group.

10. QUALIFICATIONS AND CONSENTS OF EXPERTS

(a) The following sets out the qualifications of the experts who have given their opinions or advice or statements as contained in this circular:

Name	Qualification
KPMG	Certified public accountants
Astrum Capital Management Limited	licensed corporation permitted to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO
Unicorn Consulting and Appraisal Limited	Independent professional valuer

(b) As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, none of the above experts had any direct or indirect interests in any asset which had been, since 31 March 2018 (the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or was proposed to be so acquired, disposed of or leased to any member of the Group.

(d) Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports or letters and references to its name in the form and context in which they respectively appear.

11. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or its subsidiaries within two years immediately preceding the Latest Practicable Date, and are or may be material:

(a) a deed of indemnity dated 9 February 2018 executed by our Founding Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in the paragraph headed "17. Estate duty, tax and other indemnities" of this Appendix;

(b) the Hong Kong public offer underwriting agreement dated 9 February 2018 entered into by the Company, Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Mr. Wu Hongyuan, Smart East, Union Sino, Main Wealth, Long Eagle, LY Capital Limited, as the sole sponsor, and Founder Securities (Hong Kong) Limited, as the sole global coordinator, sole bookrunner, sole lead manager and the Hong Kong underwriter;

(c) the international underwriting agreement dated 15 February 2018 entered into by the Company, Mr. Wang, Mr. Wu, Mr. Li, Mr. Cao, Mr. Wu Hongyuan, Smart East, Union Sino, Main Wealth, Long Eagle, LY Capital Limited, as the sole sponsor, and Founder Securities (Hong Kong) Limited, as the sole global coordinator, sole bookrunner, sole lead manager and the international underwriter; and

(d) the Agreement.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any Business Days from the date of this circular up to and including 14 days (except public holidays) at the Company's principal place of business in Hong Kong situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong:

(a) the articles of association of the Company;

(b) the Prospectus;

(c) the annual report of the Company for financial year ended 31 March 2018;

(d) the interim report of the Company for the six months ended 30 September 2018;

(e) the letter from the Board, the text of which is set out from pages 7 to 23 of this circular;

(f) the letter from the Independent Board Committee, the text of which is set out on page 24 of this circular;

(g) the letter from Independent Financial Adviser, the text of which is set out on pages 25 to 55 of this circular;

(h) the written consents given by KPMG, Astrum Capital Management Limited and Unicorn Consulting and Appraisal Limited as referred to paragraph 10 of this appendix;

(i) the accountants' report on Aipu Zhicheng as set out in Appendix II to this circular;

(j) the report relating to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(k) the material contracts referred to in paragraph 11 of this appendix; and

(l) this circular.

13. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Yuen Wing Yan Winnie who is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(b) The registered office of the Company is situated at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands.

(c) The principal place of business of the Company in Hong Kong is at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong.

(d) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) The English text of this circular and the accompanying form of proxy shall prevail over its Chinese text for the purpose of interpretation.

OneForce Holdings Limited
元力控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1933)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of OneForce Holdings Limited (the "**Company**") will be held at 9/F, Block E, No. 9 3rd Shangdi Street, Beijing, China on Wednesday, 30 January 2019, at 10:00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**:

(a) the conditional sale and purchase agreement dated 29 November 2018 entered into between the Company, (the "**Purchaser**"), Mr. Wang Dongbin, Mr. Wu Zhanjiang, Mr. Li Kangying, Mr. Cao Wei, Smart East Limited, Long Eagle International Limited, Main Wealth Development Limited, Union Sino Holdings Limited, Great Attain International Limited and 北京艾普智城網絡科技有限公司 (Beijing Aipu Zhicheng Internet Technology Company Limited*) (collectively, the "**Vendors**") and Great Progress International Limited (the "**Target Company**") (the "**Agreement**") (a copy of which has been produced before the meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification) for the sale and purchase of the entire issued share capital of the Target Company, which shall be satisfied by the Company by way of the allotment and issue of 124,191,177 shares of the Company ("**Consideration Shares**") to Great Attain International Limited, and the transactions contemplated thereunder and in connection therewith, be and hereby approved, confirmed and ratified;

(b) subject to the fulfillment of the conditions of the Agreement, any one director of the Company (the "**Director**") be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Agreement to, including without limitation, allot and issue the Consideration Shares;

(c) all other transactions contemplated under the Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Agreement, the allotment and issue of the Consideration Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole;

(d) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Consideration Shares pursuant to the Agreement be and is hereby confirmed and approved."

By order of the Board
OneForce Holdings Limited
WANG Dongbin
Chairman

Beijing, China, 15 January 2019

Head Office and Principal Place of Business:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Notes:

(1) The register of members of the Company will be closed from 25 January 2019 to 30 January 2019, both dates inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 24 January 2019.

(2) A member of the Company ("**Shareholder**") entitled to attend and vote at the EGM is entitled to appoint one or, if such Shareholder is a holder of more than one share, more proxies to attend and vote in his stead. A proxy need not be a Shareholder.

(3) In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney (whichever being applicable) not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (no later than 10:00 a.m. on 28 January 2019 (Hong Kong time)).

(4) Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if the Shareholder so desires and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

(5) Where there are joint registered holders of any share of the Company, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto but, if more than one of such holders be present at the EGM personally or by proxy, the holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(6) If Typhoon Signal No. 8 or above, or a "black" rain storm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.oneforce.com.cn and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.

(7) Voting of the resolutions as set out in this notice will be by poll.

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