The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountant's Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to the fiscal years of 2019, 2020, 2021 and 2022 refer to our fiscal years ended March 31 of such years.

OVERVIEW

We are the largest provider of cloud-based HCM solutions in China in terms of revenues in 2021, according to CIC. Our platform iTalentX delivers cloud-native SaaS products, namely our cloud-based HCM solutions, for enterprises to recruit, evaluate, manage, develop and retain talents efficiently. Our platform is the first and the only in the industry to offer a full suite of cloud-based applications covering organization's HCM needs throughout the entire employee lifecycle, according to CIC. We offer integrated cloud-based HCM solutions that synchronize module functions and the underlying employee data our customers. Through effective use case and data integration across our different HCM solutions, we enable customers to leverage such data to gain insights into workforces and inform their HCM and broader business decisions. According to CIC, we are also the only cloud-based HCM solutions provider in China that has built a unified and open PaaS infrastructure, which greatly improves our development efficiency, supports rapid application expansion, and meets customers' ever-changing needs.

We strategically focus on medium-to-large sized enterprises as we believe our success lies in a high quality and loyal customer base. Our customer base included over 4,900 players across various large-scale and fast-growing industries as of September 30, 2022, covering a vast majority of the top 10 players in technology, real estate, financial services, and automotive and manufacturing sectors. Additionally, over 70% of Fortune China 500 companies are our customers as of September 30, 2022. In the trailing twelve months ended September 30, 2022, we achieved a subscription revenue retention rate of 113%.

We derive our revenues primarily from subscription fees charged to customers for our HCM solutions. Subscription model generating recurring revenues not only allows us to facilitate and benefit from our customers' success and long-term growth but also gives us visibility into our future operating results. In recent years, we have achieved considerable business and financial growth. We generated RMB437.4 million, RMB570.0 million, RMB729.3 million, RMB887.7 million and RMB907.9 million of total bookings for the fiscal year ended March 31, 2019, 2020, 2021, 2022 and the trailing twelve months ended September 30, 2022, respectively. Our total revenues increased from RMB382.3 million for the fiscal year ended March 31, 2019 to RMB458.5 million for the fiscal year of 2020 and RMB556.3 million for the fiscal year of 2021, and further to RMB679.6 million for the fiscal year of

2022, and from RMB312.8 million for the six months ended September 30, 2021 to RMB350.8 million for the six months ended September 30, 2022. Revenues generated from subscriptions to our cloud-based HCM solutions amounted to RMB209.0 million, RMB259.4 million, RMB349.1 million, RMB463.5 million and RMB253.3 million for the fiscal years ended March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively, representing approximately 54.7%, 56.6%, 62.7%, 68.2% and 72.2% of our total revenues during the respective periods. For the fiscal years ended March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, we recorded gross margin of 60.6%, 59.8%, 66.4%, 58.9% and 54.0%, respectively.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standard ("**IFRS**") and interpretations issued by the IFRS interpretations committee. The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountant's Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We operate in China's HCM industry, and our financial condition and results of operations are influenced by the macroeconomic factors affecting this industry, such as China's economic growth, policy and regulatory changes, the continued penetration and acceptance of cloud-based HCM solutions, and the technology advancement, all of which have allowed companies in China to spend more on cloud-based HCM solutions and services. Additionally, we believe that our financial condition and results of operations are also affected by a number of company-specific factors, including the factors discussed below.

Our Ability to Expand Our Customer Base

Our results of operations and future growth depend on our ability to attract new customers. We have experienced high growth in customer base in recent years. As of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, we served over 3,300, 3,800, 4,200, 4,700 and 4,900 customers, respectively. We strategically focus on medium-to-large sized enterprises as we believe our success lies in a high quality and loyal customer base. Our customer base encompassed a vast majority of the top 10 players in China's technology, real estate, financial services, and automotive and manufacturing sectors, and over 70% of Fortune China 500 companies are our customers as of September 30, 2022. Our ability to attract new customers is driven by a range of different factors, including, among other things, our ability to offer quality products and services to meet enterprises' growing and diversified HCM needs; expand our business presence across various large-scale and fast-growing industries; and continue to invest in sales and marketing efforts.

Our Ability to Retain Existing Customers and Expand Their Usage of our Solutions

We derive our revenues primarily from the subscription fees charged to customers for our HCM solutions which are calculated based on the number and complexity of the solutions. As a result, our results of operations are dependent on our ability to retain existing customers and expand their usage of our solutions over time. In recent years, we have achieved steadily growing subscription revenue retention rate, a metric used to measure growth in revenue generated from existing customers of our cloud-based HCM solutions over time. Our subscription revenue retention rate was 102% for the fiscal year of 2019. For the fiscal year of 2021, we achieved a subscription revenue retention rate of 113%, as compared to that of 105% for the fiscal year of 2020. Our subscription revenue retention rate further increased to 117% for the fiscal year of 2022. In addition, ARR for customers who subscribe for more than one cloud-based HCM solution as a percentage of total ARR had increased from 51.8% as of March 31, 2019 to 60.9% as of March 31, 2021, and further to 66.6% as of March 31, 2022 and 68.6% as of September 30, 2022. For details of how we calculate our subscription revenue retention rate and ARR, see "Glossary." Our ability to drive existing customers' usage of our solutions is largely dependent on our ability to continue to focus on customer success and superior service quality, as well as to adapt our solutions and services to more business scenarios and address customers' evolving HCM needs. We believe that customer success and satisfaction enabled by our comprehensive solution and service offerings provides us with significant cross-selling and up-selling opportunities across our various HCM solutions that continue to drive our long-term business growth.

Our Ability to Enhance Product and Technology Innovations

We have invested, and will continue to invest, significantly in product and technology innovations to strengthen our market leadership. We will continue to enhance existing offerings, attract more technology talents, and invest in cutting-edge technologies to better meet enterprises' growing and increasingly diversified HCM needs. Particularly, we will continue to invest in building our PaaS infrastructure, making it available to more customers and business partners so that they can develop functions and modules that suit their specific needs more efficiently. We expect these efforts in innovations to continue driving product sales and customer loyalty, having a long-term positive impact on our results of operations and growth prospects.

Our Ability to Manage Costs and Improve Operational Efficiency

Our results of operations are affected by our ability to manage costs and improve operational efficiency. We intend to optimize our cost of sales and operating expenses by achieving increasing economies of scale and cost-efficiency as our business continues to grow. In particular, we seek to continue to improve the efficiency of our implementation services by leveraging technological advancement and increasingly serving customers from our remote service centers, while ensuring customer experience and satisfaction.

During the Track Record Period, selling and marketing expenses, which consist primarily of staff costs relating to our direct sales force, formed a significant portion of our total operating expenses. For the fiscal years ended March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, our selling and marketing expenses were RMB206.8 million, RMB295.2 million, RMB284.3 million, RMB331.0 million and RMB177.4 million, respectively, representing approximately 54.1%, 64.5%, 51.1% and 48.7% and 50.6% of our revenues during the same periods. We seek to continue to improve our sales and marketing efficiency by promoting cross-selling and up-selling across our different HCM solutions and services, and capitalizing on our established brand reputation to acquire customers more cost-effectively.

Furthermore, we have continued to improve our research and development efficiency to optimize our expense structure. For example, we have leveraged our strong PaaS capabilities to develop and deliver software updates, which allows us to quickly respond to customers' common product development needs. We seek to optimize our development costs by opening our PaaS infrastructure to more customers to allow their in-house IT specialists to develop tailor-made applications, features and functions. For the fiscal years ended March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, our research and development expenses were RMB146.5 million, RMB215.2 million, RMB212.6 million, RMB258.4 million and RMB144.9 million, respectively, representing approximately 38.3%, 46.9%, 38.2% and 38.0% and 41.3% of our revenues during the same periods. We also intend to optimize our general and administrative expenses by enhancing our level of centralized management, streamlining our internal workflows, and leveraging technology to drive convenience, cost-efficiency, and productivity.

THE IMPACT OF AND OUR RESPONSE TO COVID-19

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected the Chinese and global economy. In response to the COVID-19 pandemic, including the recent recurrence of the Omicron variant of COVID-19 around the end of 2021 in China and across the world, the PRC government has imposed mandatory quarantine, closure of workplaces and facilities, travel restriction and other related measures. These measures have caused a decline in the business activities in various industries in which our customers and business partners operate.

The COVID-19 pandemic has caused temporary disruptions to our business operations to varying degrees when the COVID-19 pandemic peaked in China in February 2020:

- *Cloud-based HCM Solutions*. On the one hand, we experienced declines in subscriptions to certain of our cloud-based HCM solutions, such as Recruitment Cloud and Assessment Cloud, primarily because enterprises in China reined in hiring amid the uncertainty caused by the COVID-19 pandemic, and many on-site recruiting events, such as on-campus recruiting, were canceled due to lockdown and gathering restrictions temporarily imposed in certain cities in China. On the other hand, as products like our Core HCM Solutions allowed our customers to address pandemic-related challenges by digitalizing and facilitating their business operations and interactions while minimizing or eliminating the need for direct person-to-person contact, certain of our cloud-based HCM solutions had experienced increasing customer demand during the COVID-19 pandemic.
- *Professional Services*. Due to the lock-down restrictions and closure of workplaces in places where our customers are located, the provision of certain on-site implementation services for a limited number of projects had been delayed, which in turn led to delays in revenue recognition with respect to such implementation services.
- *Business Development Activities*. Certain new or renewal subscriptions to our cloud-based HCM solutions had been temporarily affected by the COVID-19 pandemic to the extent physical meetings were required to secure the engagement by existing and prospective customers. Furthermore, the uncertainty caused by the COVID-19 pandemic had led to prolonged decision-making process of our customers with respect to procurement of our solutions and services. Accordingly, certain of our prospective new or renewal subscriptions under discussion with existing or prospective customers had been postponed.

As a result, we recorded total bookings of RMB19.5 million in February 2020, as compared to a monthly average of RMB36.5 million in the fiscal year ended March 31, 2019. We subsequently resumed our normal business operation in March 2020 when the COVID-19 pandemic was substantially under control, with total bookings increasing significantly by 251% to RMB68.2 million in March 2020.

Throughout the COVID-19 pandemic, we have been proactively mobilizing internal resources and leveraging our strong technological capabilities to mitigate the impact of the COVID-19 pandemic. Such remedial measures include making timely upgrades to our technology infrastructure to facilitate a seamless remote working environment, leveraging our cloud-based technologies to ensure efficient delivery of solutions, and maintaining regular, interactive online communications with our customers and business partners. In addition, we also have also implemented various precautionary policies to ensure the safety of our employees working remotely or onsite, which have enabled us to carry out our business operations without material disruptions. As a result, we had maintained strong revenue growth throughout the Track Record Period, particularly in the fiscal year ended March 31, 2021, despite the impact of the COVID-19 pandemic as outlined above.

Since the outbreak, we had benefited from the PRC government's relief policies in response to the COVID-19 pandemic, primarily the reduction in the amount of social insurance contributions. We were allowed to reduce approximately nil, RMB4.8 million and RMB17.5 million of social insurance contributions for the fiscal years ended March 31, 2019, 2020 and 2021, respectively. We has ceased to be entitled to such benefit since January 1, 2021, and therefore no reduction was recorded in other periods during the Track Record Period.

Looking ahead, we believe that the value of our cloud-based HCM solutions, and the convenience, efficiency and reliability they deliver, are heightened as a result of the COVID-19 pandemic. We operate a cloud-native SaaS model, which not only reduces the burden of on-site implementation, but also provides customers and business partners with the flexibility needed to tackle unexpected disruptions and challenges caused by the COVID-19 pandemic. Businesses across different industries are increasingly using our solutions and services to replace many manual, paper-driven HCM tasks due to COVID-19 related restrictions. We expect this trend to continue post-pandemic, driving digitalization of HCM practices and process and the demand for quality cloud-based HCM solutions in the long run.

There are no comparable recent events that provide guidance on the effect the COVID-19 outbreak as a global pandemic may have, and, as a result, the ultimate impacts of the pandemic are highly uncertain and subject to change, even though conditions have been gradually improving. Variations of the COVID-19 virus, including notably the Omicron variant, have caused new outbreaks in China and across the world. For example, the resurgence of the Omicron variant in China since the beginning of 2022 has resulted in city-wide lock-downs in a number of Chinese cities, and also heightened epidemic prevention measures in general across China to curb the momentum of the outbreak. This caused disruptions to varying degrees to normal business activities in China, including our operations.

To the extent the industries in which our existing and prospective customers operate were heavily impacted by the new outbreaks across China, the COVID-19 pandemic had resulted in a prolonged decision-making process of these customers with respect to subscriptions or renewal subscriptions to our solutions and services. For example, we acquired 110 and 75 new customers in the internet and real estate industries, respectively, for the six months ended September 30, 2022, and those numbers were 162 and 129 for the same period in 2021, representing a year-over-year decrease by approximately 32% and 42%, respectively. During the citywide lockdowns in certain cities across

China, certain of our marketing activities and customer services had been temporarily delayed to the extent that physical meetings with our customers or large-scale on-site services were otherwise required or preferred. For example, our project implementation cycle increased year-over-year by 25% on average in the six months ended September 30, 2022 since the provision of certain on-site implementation services was delayed. As a result, our revenue growth slowed in the six months ended September 30, 2022, increasing by 12.1% from the same period in 2021, as compared to a 22.2% increase from the fiscal year ended March 31, 2021 to the same period in 2022.

China began to modify its zero-COVID policy in late 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. There were significant surges of COVID-19 cases in many cities in China during this time, which disrupted our and our customers' operations due to an increased number of employees contracted with COVID-19. As a result, our total bookings were RMB254.8 million in the fourth quarter of 2022, representing a 2% year-over-year decrease from RMB260.0 million during the same time in 2021. The growth of our ARR also slowed amid the COVID-19 pandemic, increasing slightly to RMB626.3 million as of December 31, 2022 from RMB618.9 million as of September 30, 2022.

Nevertheless, our Directors are of the view that the COVID-19 pandemic, and particularly the latest resurgence of Omicron variant in China, had not materially adversely affected our business, results of operations or financial condition as of the Latest Practicable Date, on the basis that (i) we achieved a revenue growth for the six months ended September 30, 2022 despite the impacts from the COVID-19 pandemic, (ii) our operating results remained stable in January 2023, as evidenced by a 6.7% increase in our total bookings as compared to January 2022, as well as our ARR as of January 31, 2023 remaining at a similar level as that as of December 31, 2022, and (iii) as of the Latest Practicable Date, our business operations had fully resumed as the pandemic situation continued to improve in China.

The extent to which the COVID-19 pandemic may continue to impact our business will depend on future developments, which are highly uncertain and unpredictable, such as the duration of the pandemic, the effectiveness of travel restrictions and other measures to contain the outbreak and its impact, such as social distancing, quarantines and lockdowns. See "Risk Factors—Risks Related to Our Business and Industry—Our business operations have been, and may in the future continue to be, adversely affected by the COVID-19 pandemic."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 2 and 4 to the Accountant's Report included in Appendix I to this Document.

Revenue Recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine relative standalone selling prices based on its standard price list, taking into consideration market conditions and its overall pricing strategy.

When either party to a contract has performed, we present the contract in the consolidated statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our right to consideration in exchange for goods and services that we have transferred to a customer. A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer a good or service to the customer, we present the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due from the customer).

We derive revenue separately or in combination from our cloud-based HCM solutions and professional services.

(a) Cloud-based HCM Solutions

Our Company charges subscription fees for unlimited access to, or limited number of usages of, its cloud-based HCM solutions over the contract term.

Under unlimited access subscription model, customers are provided with access to one or more of our cloud-based HCM solutions over the contract term. Revenue is generally recognized over the contract term.

Under limited number of usage subscription model, customers first purchase certain number of Sendou (森豆) from us, and consume Sendou for related cloud-based HCM solutions upon usage. Unused Sendou will be forfeited when the contract term is finished. During the Track Record Period, revenues generated from such unused and forfeited Sendou accounted for an immaterial portion of our total revenues during the same periods. We conclude that the breakage of Sendou does not satisfy the constraints of variable considerations, considering that the amount is highly susceptible to external factors, and based on historical data, breakage ratios for different customers are widespread. Related revenue is recognized upon the later of Sendou consumption and expiry.

(b) Professional Services

We provide customers with a selection of professional services, primarily including implementation services and value-added services.

Implementation services are provided to new cloud-based HCM solution subscriptions to assist customers with configuration and testing of our solution. Implementation service is determined to be a separate performance obligation considering, (i) customers access are granted upon purchase and they can start using our cloud-based HCM solutions immediately by following the user manual, (ii) implementation services do not involve the modification or writing of additional software code, but rather involve setting up the software's existing code to function in a particular way for the customers' benefits. Revenues from implementation services are recognized as services over the estimated service periods.

Value-added services using our people science expertise and know-how can be purchased separately from cloud-based HCM solutions at customers' discretion, as value-added services using our people science expertise and know-how. They are clearly distinct from cloud-based HCM solutions. We recognize revenue from value-added service on a straight-line basis over the contractual term if the service meets the criterion that control of the goods and services is transferred over time. Otherwise, we recognize revenue from value-added services at a point in time.

(c) Incremental Costs of Obtaining Customer Contract

Sales commissions earned by our direct sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are deferred and then amortized on a straight-line basis over a period of benefit that we have estimated to be three to four years. In arriving at this estimated period of benefit, we evaluated both qualitative and quantitative factors which include the estimated life cycles of its offerings and its customer attrition. We amortize capitalized costs for renewals paid to customers over the renewal contract terms, or elect to expense as incurred if the amortization period is one year or less. Amortization expense of capitalized cost of obtaining customer contracts is included in sales and marketing expenses on the consolidated statement of comprehensive loss. We also assess whether the carrying amount of contract cost has exceeded the remaining amount of consideration that we expect to receive, less that costs that relate directly to providing those goods or services that have not been recognized as expenses.

(d) Practical Expedients Applied

We expense incremented cost to obtain a contract if the amortization period is one year or less.

The promised amount of consideration for the effects of a significant financing component is not adjusted if we expect, at contract inception, that the period between when we transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Redeemable Convertible Preferred Shares

Redeemable convertible preferred shares issued by our Company are redeemable upon occurrence of certain future events and at the option of the holders. This instrument can be converted into ordinary shares of our Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of an **[REDACTED]** of our Company or agreed by majority of the holders as detailed in Note 31 to the Accountant's Report included in Appendix I to this Document.

We designated the redeemable convertible preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are expensed as incurred.

Subsequently, the component of fair value changes relating to our Company's own credit risk is recognized in other comprehensive income/(loss). Amounts recorded in other comprehensive income/(loss) related to credit risk are not subject to recycling in profit or loss, but are transferred to retaining earnings when realized. Other fair value change relating to market risk are recognized in the consolidated statements of comprehensive loss.

Redeemable convertible preferred shares are classified as non-current liabilities until the shareholders of such redeemable convertible preferred shares can demand our Company to redeem the preferred shares within 12 months after the end of the reporting period.

Share-based Payments

We adopted the **[REDACTED]** Share Option Plan, under which we receive services from employees and directors who have contributed or will contribute to us as consideration for our equity instruments. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated statements of comprehensive loss with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, we revise our estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. We recognize the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, our Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of Fair Value of Certain Financial Instruments

Fair Value of Financial Assets

The fair value of financial assets that are not traded in an active market (for example, investments in private companies) is determined by using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

Fair Value of Redeemable Convertible Preferred Shares

The redeemable convertible preferred shares issued by our Company are not traded in an active market and the respective fair value is determined by using valuation techniques. Our Directors have used the discounted cash flow method to determine the underlying equity value of our Company and adopted equity allocation model to determine the fair value of the redeemable convertible preferred shares.

Details of the valuation models, key assumptions and inputs are disclosed in Note 31 to the Accountant's Report included in Appendix I to this Document.

In relation to the valuation of level 3 instruments, in particular, our Directors adopted the following procedures: (i) reviewed the terms of agreements relating to the instruments; (ii) engaged independent valuer, provided necessary financial and non-financial information to the valuer so that the valuer to assess our performed valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as the asset under management, the discount rate and the underlying of the unlisted equity, which required management assessment and estimates; and (iv) reviewed the valuation reports prepared by the valuer. Based on the above procedures and the professional advice received, our Directors are of the view that the valuation analysis performed on level 3 instruments is fair and reasonable and the financial statements of our Group are properly prepared. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the level 3 instruments.

Details of the fair value measurement of financial assets and liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 3.3 of the Accountant's Report in Appendix I to this Document which was issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant's opinion on the Historical Financial Information, as a whole, of our Group for the Track Record Period is set out on page I-2 of Appendix I to this Document.

The Joint Sponsors have performed the following due diligence work in relation to the valuation of the Company's financial assets and liabilities categorized within level 3 of fair value measurement (the "**Level 3 Financial Assets and Liabilities**"): (i) discussed and conducted due diligence with us to understand, amongst other things, the nature and details of the financial instruments, the relevant work performed by our Company in relation to the valuation of such financial instruments; (ii) obtained and reviewed the underlying agreements for the Level 3 Financial Assets and Liabilities; (iii) obtained and reviewed the valuation reports prepared by the external valuer; (iv) interviewed the external valuer to understand, amongst other things, the methodology, assumptions and key parameters used by such external valuer (v) obtained and reviewed the relevant internal policies and procedures of the Group; (vi) reviewed the relevant notes in the Accountant's Report as contained in Appendix I to this Document; and (vii) discussed with the reporting accountant to understand the work they have performed in relation to the valuation of the Level 3 Financial Assets and Liabilities for the reporting on the historical financial information of our Group as a whole.

Based on the due diligence work conducted by the Joint Sponsors as stated above, and having considered the work performed by our management and the unqualified opinion on the Historical Financial Information, as a whole, of the Group issued by the Reporting Accountant included in Appendix I to this Document, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to disagree with the valuation of the Level 3 Financial Assets and Liabilities.

(b) Recognition of Share-based Payments Expenses

Our Directors have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by our directors in applying the Binomial option-pricing model.

Our Directors estimate the expected yearly percentage of grantees that will stay within us at the end of the vesting periods of the share options (the "**Expected Retention Rate**") in order to determine the amount of share-based payments expenses charged to the consolidated income statement. The Expected Retention Rate is estimated based on historical pattern of retentions and management's best estimates.

(c) Allocation of Selling Price of Each Distinct Performance Obligation

Contracts with customers may include multiple performance obligations. When the performance obligations are assessed to be distinct, we allocate revenue to each performance obligation based on their relative standalone selling prices. We generally determine relative standalone selling prices based on its standard price list, taking into consideration of market conditions and our overall pricing strategy.

(d) Current and Deferred Income Taxes

We are subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

We consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing, by assuming taxation authority will examine those amounts and will have full knowledge of all relevant information. When we conclude that it is probable that a particular tax treatment is accepted, we determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If we conclude that it is not probable that a particular tax treatment is accepted, we use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. We assesses its judgments and estimates if facts and circumstances change.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when our management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets forth a summary of our consolidated statements of comprehensive loss for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
	(RMB in thousands)					
Revenues	382,278	458,537	556,327	679,627	312,790	350,766
Cost of revenues	(150,807)	(184,194)	(186,730)	(279,116)	(123,866)	(161,451)
Gross profit	**231,471**	**274,343**	**369,597**	**400,511**	**188,924**	**189,315**
Selling and marketing expenses	(206,754)	(295,236)	(284,308)	(331,000)	(155,875)	(177,446)
General and administrative expenses	(155,538)	(110,173)	(83,113)	(206,616)	(125,227)	(64,429)
Research and development expenses	(146,479)	(215,152)	(212,550)	(258,357)	(125,281)	(144,858)
Net impairment losses on financial assets and contract assets	118	(384)	(1,026)	(1,024)	(32)	(2,601)
Other income	23,864	24,310	26,228	34,929	17,450	17,269
Other gains, net	3,269	2,130	44,067	72,994	37,714	19,259
Operating loss	**(250,049)**	**(320,162)**	**(141,105)**	**(288,563)**	**(162,327)**	**(163,491)**
Finance income	2,429	6,821	4,413	7,811	4,010	3,214
Finance costs	(1,992)	(2,094)	(1,378)	(2,628)	(1,102)	(1,856)
Finance income, net	**437**	**4,727**	**3,035**	**5,183**	**2,908**	**1,358**
Losses from financial instruments issued to investors	(111,461)	—	—	—	—	—
Fair value changes of redeemable convertible preferred shares	(317,678)	(883,369)	(752,797)	(1,638,199)	(660,595)	(4,991)
Fair value changes of warrant liability	(13,159)	(53,472)	(32,571)	—	—	—
Loss before income tax	**(691,910)**	**(1,252,276)**	**(923,438)**	**(1,921,579)**	**(820,014)**	**(167,124)**
Income tax (expense) / credit	1,745	(14,476)	(16,702)	12,807	(184)	4,302
Loss for the year/period	**(690,165)**	**(1,266,752)**	**(940,140)**	**(1,908,772)**	**(820,198)**	**(162,822)**
Loss attributable to:						
—Owners of the Company	(691,060)	(1,267,206)	(940,142)	(1,908,772)	(820,198)	(162,822)
—Non-controlling interests	895	454	2	—	—	—
	(690,165)	**(1,266,752)**	**(940,140)**	**(1,908,772)**	**(820,198)**	**(162,822)**
Loss per share attributable to owners of the Company (expressed in RMB per share)						
—Basic and diluted	(31.88)	(58.46)	(43.37)	(89.17)	(38.26)	(7.62)

Non-IFRS Measure

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company. We believe that this measure provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

Adjusted Net Loss (Non-IFRS Measure)

We define adjusted net loss (non-IFRS measure) as loss for the periods adjusted by adding back share-based payments, fair value changes of redeemable convertible preferred shares and fair value changes of warrant liability. The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
	(RMB in thousands)					
Reconciliation of loss for the period and adjusted net loss (non-IFRS measure)						
Loss for the year/period	**(690,165)**	**(1,266,752)**	**(940,140)**	**(1,908,772)**	**(820,198)**	**(162,822)**
Add:						
Share-based payments – ESOP(1)	—	75,447	33,549	53,635	26,245	5,692
Share-based payments – non-ESOP(2)	81,126	2,499	—	53,348	53,348	—
Fair value changes of redeemable convertible preferred shares(3)	317,678	883,369	752,797	1,638,199	660,595	4,991
Fair value changes of warrant liability(4)	13,159	53,472	32,571	—	—	—
Adjusted net loss (non-IFRS Measure)	**(278,202)**	**(251,965)**	**(121,223)**	**(163,590)**	**(80,010)**	**(152,139)**

Notes:

1. Share-based payments for ESOP purposes relates to the share rewards we offered to our employees, which is a non-cash expense.
2. Share-based payments for non-ESOP purposes arise from certain share exchange and share repurchase transactions, and transactions among shareholders. For details of these transactions, see Note 26 to the Accountant's Report included in Appendix I to this Document.
3. Fair value changes of redeemable convertible preferred shares arise primarily from the changes in the carrying amount of our redeemable convertible preferred shares in connection with the **[REDACTED]** Investments. These fair value changes are non-cash in nature. Upon completion of the **[REDACTED]**, such redeemable convertible preferred shares will be automatically converted into ordinary shares of our Company and no fair value change will be recorded.
4. Fair value changes of warrant liability arise primarily from the changes in the carrying amount of the warrants issued by us to certain existing investors of our Group as part of our Reorganization, pursuant to the terms of which the relevant investors may exercise the warrants to acquire our Preferred Shares under certain events. The warrant liability was subsequently derecognized in June 2020 due to the exercise in full of the warrants by the relevant investors. These fair value changes are non-cash in nature.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenues

During the Track Record Period, we generated revenues from two sources, namely (i) cloud-based HCM solutions, and (ii) professional services. The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the periods indicated.

	For the year ended March 31,								For the six months ended September 30,			
	2019		2020		2021		2022		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
									(Unaudited)			
	(RMB in thousands, except percentages)											
Cloud-based HCM solutions	209,023	54.7	259,449	56.6	349,073	62.7	463,467	68.2	209,534	67.0	253,268	72.2
Professional services	173,255	45.3	199,088	43.4	207,254	37.3	216,160	31.8	103,256	33.0	97,498	27.8
Total	**382,278**	**100.0**	**458,537**	**100.0**	**556,327**	**100.0**	**679,627**	**100**	**312,790**	**100.0**	**350,766**	**100.0**

The professional services revenue presented in the table above include revenue from Beisen Shengya which we disposed of in September 2021 and Ruizheng HR Management which we disposed of in July 2020, other than revenue from our current implementation services and value-added services. Excluding inter-company transactions with the rest of the Group, (i) in the fiscal years of 2019, 2020, 2021 and 2022, revenues generated from Beisen Shengya were RMB40.6 million, RMB42.5 million, RMB46.8 million and RMB20.3 million, respectively; and (ii) in the fiscal years of 2019 and 2020, revenues generated from Ruizheng HR Management were RMB27.8 million and RMB13.2 million, respectively. For more information about Beisen Shengya and Ruizheng HR Management, see "—see "History, Reorganization and Corporate Structure—Disposal and Deregistration of Certain Subsidiaries."

Cloud-based HCM solutions. We offer subscriptions to our cloud-based HCM solutions, and we derive revenues from subscriptions fees that give customers access to our cloud-based HCM solutions. We charge our customers fixed subscription fees at different prices for our cloud-based HCM solutions, based on the size of their workforce and the specific solution that the customer subscribes for.

Professional services. We generate revenues from providing on-demand professional services to our customers, which primarily include implementation services and certain value-added services. We typically charge our customers service fees based on a number of factors, including the type of services selected by our customers, the number of our technical specialists staffed on a given project, and the duration of our services. Historically, we also provided certain human resources consulting services through Ruizheng HR Management. As part of our business reorganization plan to streamline our business, we disposed of Ruizheng HR Management in July 2020. In the fiscal years of 2019 and 2020, professional services revenues generated from Ruizheng HR Management were RMB27.8 million and RMB13.2 million, respectively. For details, see "History, Reorganization and Corporate Structure—Disposal and Deregistration of Certain Subsidiaries—Ruizheng HR Management."

In addition, we disposed of Beisen Shengya, which was primarily engaged in the provision of career planning service, in September 2021 as part of our business reorganization plan to focus on our main cloud-based HCM solutions business. For detailed discussions of the movements of our revenues, gross margin and net loss during the Track Record Period, see "—Period-to-Period Comparison of Results of Operations."

For details of our cloud-based HCM solutions and professional services, see "Business – Our Offerings."

Cost of Revenues

Our cost of revenues consists primarily of (i) employee benefit, representing salaries, benefits and share-based compensation relating to our operation and product support staff, including employees of our customer success and service teams and employees responsible for providing implementation services and daily product support with respect to our cloud-based HCM solutions, (ii) professional and technical service fees, primarily representing costs associated with third-party services directly attributable to the provision of our solutions and services, (iii) depreciation and amortization expenses associated with our daily business operations activities, (iv) traveling and office expenses incurred by our operation and product support staff, and (v) others.

The following table sets forth a breakdown of our cost of revenues by nature, in absolute amounts and percentages of revenues, for the periods indicated.

	For the year ended March 31,								For the six months ended September 30,			
	2019		2020		2021		2022		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
									(Unaudited)			
	(RMB in thousands, except percentages)											
Employee benefit	100,593	26.3	124,509	27.2	128,485	23.1	204,492	30.1	89,407	28.6	118,285	33.7
Professional and technical service fees	12,516	3.3	14,167	3.1	18,245	3.3	29,734	4.4	12,477	4.0	18,675	5.3
Depreciation and amortization	9,713	2.5	14,910	3.3	14,061	2.5	21,627	3.2	8,997	2.9	14,833	4.2
Travelling and office expenses	14,242	3.7	16,020	3.5	13,028	2.3	10,423	1.5	6,411	2.0	3,840	1.1
Others	13,743	3.6	14,588	3.2	12,911	2.3	12,840	1.9	6,574	2.1	5,818	1.7
Total	**150,807**	**39.4**	**184,194**	**40.3**	**186,730**	**33.5**	**279,116**	**41.1**	**123,866**	**39.6**	**161,451**	**46.0**

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit by offering type, in absolute amounts and as percentages of their respective revenues, or gross margins, for the periods indicated.

	For the year ended March 31,								For the six months ended September 30,			
	2019		2020		2021		2022		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
									(Unaudited)			
	(RMB in thousands, except percentages)											
Cloud-based HCM solutions	167,389	80.1	200,878	77.4	281,378	80.6	355,157	76.6	164,154	78.3	189,439	74.8
Professional services	64,082	37.0	73,465	36.9	88,219	42.6	45,354	21.0	24,770	24.0	(124)	(0.1)
Total	**231,471**	**60.6**	**274,343**	**59.8**	**369,597**	**66.4**	**400,511**	**58.9**	**188,924**	**60.4**	**189,315**	**54.0**

Gross margin for our cloud-based HCM solutions is typically higher than that for our professional services. This is because our HCM solutions are cloud-based, standard products that generate recurring subscription revenues with limited incremental costs.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee benefit, representing salaries, benefits and share-based compensation relating to our sales and marketing personnel, (ii) marketing expenses relating to our sales and marketing activities, (iii) traveling and office expenses incurred by our sales and marketing personnel, (iv) depreciation and amortization expenses associated with our sales and marketing activities, and (v) others.

The following table sets forth a breakdown of our selling and marketing expenses both in absolute amounts and as percentages of revenues for the periods indicated.

	For the year ended March 31,								For the six months ended September 30,			
	2019		2020		2021		2022		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
									(Unaudited)			
	(RMB in thousands, except percentages)											
Employee benefit	155,077	40.6	225,902	49.3	227,534	40.9	264,529	38.9	125,125	40.0	145,475	41.4
Marketing expenses	13,787	3.6	18,005	3.9	15,928	2.9	25,318	3.7	10,637	3.4	12,533	3.6
Travelling and office expenses	17,228	4.5	24,121	5.3	19,560	3.5	21,719	3.2	9,182	2.9	8,338	2.4
Depreciation and amortization	10,236	2.7	16,337	3.6	12,888	2.3	12,689	1.9	6,291	2.0	7,276	2.1
Others	10,426	2.7	10,871	2.4	8,398	1.5	6,745	1.0	4,640	1.5	3,824	1.1
Total	**206,754**	**54.1**	**295,236**	**64.5**	**284,308**	**51.1**	**331,000**	**48.7**	**155,875**	**49.8**	**177,446**	**50.6**

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) share-based payments for non-ESOP purposes, arising from certain share exchange and share repurchase transactions, and transactions among shareholders, as detailed in Note 26 to the Accountant's Report included in Appendix I to this Document, (ii) employee benefit, representing salaries, benefits and share-based compensation relating to our administrative staff, (iii) professional service fees, representing costs associated with consulting and professional services, (iv) travelling and office expenses incurred by our administrative staff, (v) depreciation and amortization expenses associated with our administrative activities, and (vi) others.

The following table sets forth a breakdown of the components of our general and administrative expenses both in absolute amounts and as percentages of revenues for the periods indicated.

	For the year ended March 31,								For the six months ended September 30,			
	2019		2020		2021		2022		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
									(Unaudited)			
	(RMB in thousands, except percentages)											
Share-based payments—non-ESOP	81,126	21.2	2,499	0.5	—	—	53,348	7.8	53,348	17.1	—	—
Employee benefit	48,909	12.8	82,560	18.0	66,776	12.0	83,793	12.3	37,644	12.0	43,888	12.5
Professional service fees	9,573	2.5	6,943	1.5	5,951	1.1	46,446	6.8	23,185	7.4	9,454	2.7
Travelling and office expenses	8,114	2.1	10,164	2.2	4,852	0.9	15,221	2.2	7,292	2.3	6,758	1.9
Depreciation and amortization	2,986	0.8	3,589	0.8	2,826	0.5	4,349	0.6	1,464	0.5	1,942	0.6
Others	4,830	1.3	4,418	1.0	2,708	0.4	3,459	0.5	2,294	0.7	2,387	0.7
Total	**155,538**	**40.7**	**110,173**	**24.0**	**83,113**	**14.9**	**206,616**	**30.2**	**125,227**	**40.0**	**64,429**	**18.4**

We incurred share-based payments for non-ESOP purposes of RMB53.3 million in the fiscal year of 2022, as compared to nil in the fiscal year of 2021. This was due to the difference between the consideration we paid and the respective fair value of the repurchased shares during our Series F financing.

Our employee benefit increased from RMB48.9 million in the fiscal year of 2019 to RMB82.6 million in the fiscal year of 2020, primarily driven by the increased average compensation for our administrative staff. Our employee benefit decreased from RMB82.6 million in the fiscal year of 2020 to RMB66.8 million in the fiscal year of 2021, primarily because after the 2019 Stock Incentive Plan was adopted, we granted a substantial number of share awards on a one-time basis in the fiscal year of 2020 in recognition of past efforts that the relevant administrative staff had made, which resulted in a larger amount of share-based payments expenses being recognized during the same year as compared to the fiscal year of 2021. Our employee benefit increased from RMB66.8 million in the fiscal year of 2021 to RMB83.8 million in the fiscal year of 2022 and increased from RMB37.6 million for the six months ended September 30, 2021 to RMB43.9 million for the six months ended September 30, 2022, primarily due to the rising general and administrative staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our general and administrative staff.

Our professional service fees increased significantly from RMB6.0 million in the fiscal year of 2021 to RMB46.4 million in the fiscal year of 2022, primarily representing expenses that we incurred in connection with our Series F round financing.

Research and Development Expenses

Our research and development expenses consist primarily of (i) employee benefit, representing salaries, benefits and share-based compensation relating to our research and development staff, (ii) depreciation and amortization expenses associated with our research and development activities, and (iii) others.

The following table sets forth a breakdown of our research and development expenses both in absolute amounts and as percentages of revenues for the periods indicated.

	For the year ended March 31,								For the six months ended September 30,			
	2019		2020		2021		2022		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
									(Unaudited)			
	(RMB in thousands, except percentages)											
Employee Benefit	132,169	34.6	197,308	43.0	195,877	35.2	237,274	34.9	116,179	37.1	134,069	38.2
Depreciation and Amortization	7,618	2.0	11,499	2.5	10,696	1.9	12,413	1.8	5,858	1.9	7,290	2.1
Others	6,692	1.7	6,345	1.4	5,977	1.1	8,670	1.3	3,244	1.0	3,499	1.0
Total	**146,479**	**38.3**	**215,152**	**46.9**	**212,550**	**38.2**	**258,357**	**38.0**	**125,281**	**40.1**	**144,858**	**41.3**

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets primarily relate to impairment on trade receivables and other receivables. We recorded a net impairment loss reversal on financial assets and contract assets of RMB118,000 for the fiscal year of 2019. We recorded net impairment losses on financial assets and contract assets of RMB384,000, RMB1,026,000, RMB1,024,000 and RMB2,601,000 for the fiscal years of 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively. We determine the provision for impairment of trade receivables and other receivables on a forward-looking basis and the expected lifetime losses are recognized from initial recognition of the assets by credit risks of our customers in accordance with IFRS 9. For further details, see Note 3.1 to the Accountant's Report included in Appendix I to this Document.

Other Income

Our other income consists primarily of (i) value-added tax refund relating to the sales of our cloud-based HCM solutions granted by the PRC tax authorities as a way to provide tax relief for companies in high-tech industries, (ii) government grants, representing financial assistance from local governments in the PRC, (iii) additional deductible input tax and (iv) others.

The following table sets forth a breakdown of our other income for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
	(RMB in thousands)					
Value added tax refund	22,695	20,989	22,264	29,688	14,325	14,097
Government grants	1,007	2,352	3,289	3,133	2,105	2,346
Additional deductible input tax	—	95	20	1,824	845	680
Others	162	874	655	284	175	146
Total	**23,864**	**24,310**	**26,228**	**34,929**	**17,450**	**17,269**

Other Gains, Net

Our other gains, net consist primarily of (i) net foreign exchange (losses)/gains, (ii) fair value gains on foreign exchange forward contracts, (iii) net fair value gains on financial assets at fair value through profit or loss relating to our equity investments and investments in structured deposits and wealth management products, (iv) gains on disposal of subsidiaries, (v) net losses on disposal of property, plant and equipment, and (vi) others.

The following table sets forth a breakdown of our other gains, net for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
			(RMB in thousands)			
Net foreign exchange (losses) / gains	(1,398)	(5,648)	25,733	23,863	5,214	(564)
Fair value gains on foreign exchange forward contracts	—	—	5,625	20,341	15,014	—
Net fair value gains on financial assets at fair value through profit or loss	3,708	3,984	13,146	17,479	4,793	21,191
Gains on disposal of subsidiaries	1,154	4,132	—	11,875	12,432	—
Net losses on disposal of property, plant and equipment	(40)	(228)	(112)	(187)	(256)	30
Others	(155)	(110)	(325)	(377)	517	(1,398)
Total	**3,269**	**2,130**	**44,067**	**72,994**	**37,714**	**19,259**

Finance Income, Net

Our finance income represents interest income from our bank deposits, and our finance costs are comprised of interest expenses on our lease liabilities and bank borrowings. We recorded finance income, net of RMB0.4 million, RMB4.7 million, RMB3.0 million, RMB5.2 million and RMB1.4 million for the fiscal years of 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively.

Fair Value Changes of Redeemable Convertible Preferred Shares

Our fair value changes of redeemable convertible preferred shares arise primarily from the changes in the carrying amount of our redeemable convertible preferred shares in connection with the **[REDACTED]** Investments. Prior to the **[REDACTED]**, such redeemable convertible preferred shares have not been traded in an active market and their value at each respective reporting date is determined using valuation techniques. Our Directors have used the discounted cash flow method to determine the underlying equity value of our Company, and adopted equity allocation model to determine the fair value of such redeemable convertible preferred shares. For details, see Note 3 to the Accountant's Report included in Appendix I to this Document. For the fiscal years of 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, we had fair value changes of redeemable convertible preferred shares of RMB317.7 million, RMB883.4 million, RMB752.8 million, RMB1,638.2 million and RMB5.0 million, respectively. Upon the completion of the **[REDACTED]**, all of such redeemable convertible preferred shares will be automatically converted to our Shares, and we will no longer recognize change in fair value liabilities in respect of them. For additional information, see "—Indebtedness—Preferred Shares", "History, Reorganization and Corporate Structure" and Note 31 to the Accountant's Report included in Appendix I to this Document.

Losses from Financial Instruments Issued to Investors

Prior to the Reorganization, certain **[REDACTED]** Investors held ordinary shares of the Onshore Holdco with preferential rights, pursuant to which such ordinary shares would become redeemable by these **[REDACTED]** Investors upon certain events that are out of our control. As we do not have the unconditional right to avoid delivering cash or other financial assets to settle the contractual obligation upon occurrence of these events, we recognize financial instruments issued to investors as our financial liabilities initially at the present value of the aggregate redemption amount. Such financial liabilities are subsequently measured at amortized cost.

We recorded losses from financial instruments issued to investors of RMB111.5 million for the fiscal year of 2019, primarily representing (i) changes in the carrying amount of the financial liabilities as a result of the interest accruals on the financial instruments issued to such **[REDACTED]** Investors in the Onshore Holdco, and (ii) the difference between the carrying amount of the financial liabilities and the fair value of such underlying financial instruments when they were subsequently derecognized upon share exchange during the course of the Reorganization. For additional information, see "History, Reorganization and Corporate Structure".

Fair Value Changes of Warrant Liability

Our fair value changes of warrant liability arise primarily from the changes in the carrying amount of the warrants issued by us to certain existing investors of our Group as part of our Reorganization. Pursuant to the terms of the warrants, such investors may exercise their rights to acquire our Preferred Shares under certain events. Our fair value changes of warrant liability increased from RMB13.2 million for the fiscal year of 2019 to RMB53.5 million for the fiscal year of 2020, attributable primarily to changes in the valuation of our Company driven by our strong business growth and improved business outlook. Our fair value changes of warrant liability decreased from RMB53.5 million for the fiscal year of 2020 to RMB32.6 million for the fiscal year of 2021, primarily due to a decrease in warrant liability as the foregoing investors exercised their warrants. The warrant liability was derecognized in June 2020 due to the exercise in full of the warrants by the relevant **[REDACTED]** Investors. As a result, our fair value changes of warranty liability were nil for the fiscal year of 2022 and the six months ended September 30, 2022. For additional information, see "History, Reorganization and Corporate Structure."

Income Tax (Expense)/Credit

We recorded income tax credit of RMB1.7 million for the fiscal year of 2019 and income tax expenses of RMB14.5 million, RMB16.7 million and income tax credit of RMB12.8 million and RMB4.3 million for the fiscal years of 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively. As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong and the PRC.

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

PRC

Our subsidiaries incorporated in China are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008 and was last amended on December 29, 2018, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. For example, enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Loss for the Year/Period

Our loss for the year/period amounted to RMB690.2 million, RMB1,266.8 million, RMB940.1 million, RMB1,908.8 million and RMB162.8 million for the fiscal years of 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended September 30, 2022 Compared to Six Months Ended September 30, 2021

Revenues

Our revenues increased by 12.1% from RMB312.8 million for the six months ended September 30, 2021 to RMB350.8 million for the six months ended September 30, 2022, primarily driven by the increased revenues generated from subscriptions to our cloud-based HCM solutions.

Cloud-based HCM solutions. Revenues generated from subscriptions to our cloud-based HCM solutions increased by 20.9% from RMB209.5 million for the six months ended September 30, 2021 to RMB253.3 million for the six months ended September 30, 2022. The increase in revenues was attributable to acquisition of new customers and increased subscription of our cloud-based HCM solutions by existing customers. Our customers of cloud-based HCM solutions increased from over 4,700 as of September 30, 2021 to over 4,900 as of September 30, 2022. We achieved a subscription revenue retention rate of 113% for the six months ended September 30, 2022. Accordingly, our ARR experienced a growth from RMB532.7 million as of September 30, 2021 to RMB618.9 million as of September 30, 2022.

Our acquisition of new customers and increased subscription by existing customers are both mainly driven by our enhanced product functionality, improved customer experience and increasing brand recognition, in part due to the growing awareness of the benefits of our digital cloud-based solutions during the COVID-19 pandemic. For the impact of the COVID-19 pandemic on our business, results of operations and financial position, see "—The Impact of and Our Responses to COVID-19."

Professional services. Professional services revenues decreased by 5.6% from RMB103.3 million for the six months ended September 30, 2021 to RMB97.5 million for the six months ended September 30, 2022 due to the disposal of Beisen Shengya in September 2021.

Cost of Revenues

Our cost of revenues increased by 30.3% from RMB123.9 million for the six months ended September 30, 2021 to RMB161.5 million for the six months ended September 30, 2022. The increase in our cost of revenues was primarily driven by the increases in (i) employee benefit of RMB28.9 million, attributable primarily to the rising operation and product support staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our operation and product support staff, and (ii) professional and technical service fees of RMB6.2 million, which was generally in line with our business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our overall gross profit amounted to RMB188.9 million and RMB189.3 million for the six months ended September 30, 2021 and 2022, respectively. Our overall gross margin decreased from 60.4% for the six months ended September 30, 2021 to 54.0% for the six months ended September 30, 2022.

Cloud-based HCM solutions. Gross profit for our cloud-based HCM solutions increased from RMB164.2 million for the six months ended September 30, 2021 to RMB189.4 million for the six months ended September 30, 2022. Gross margin for our cloud-based HCM solutions decreased from 78.3% for the six months ended September 30, 2021 to 74.8% for the six months ended September 30, 2022.

Professional services. We recorded gross loss for our professional services of RMB0.1 million for the six months ended September 30, 2022, as compared to gross profit of RMB24.8 million for the six months ended September. Accordingly, we had gross profit margin of 24.0% and gross loss margin of 0.1% for the six months ended September 30, 2021 and 2022, respectively.

Our overall gross margin and gross margins for our cloud-based HCM solutions and professional services decreased for the six months ended September 30, 2022. In late 2021 and early 2022 when our business gradually recovered from the prior impact of the COVID-19 pandemic as it came under control in China, we increased investments in expanding our operation and product support teams to improve customer services and experience and support our continuous business growth. However, our revenue did not grow as anticipated during the six months ended September 30, 2022 amid the unexpected waves of new COVID-19 outbreaks across China, which has led to the aforesaid decreases in gross margins. The decrease in gross margin for our cloud-based HCM solutions, to a lesser extent, was also due to the increased depreciation and amortization expenses associated with our servers, as well as fees and costs incurred in connection with third-party services, such as server custody services and cloud computing services. The decrease in the gross margin for our professional services, particularly, was also attributable to the disposal of Beisen Shengya in September 2021. Beisen Shengya's career planning services generally have a higher gross margin profile than the remaining professional services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 13.8% from RMB155.9 million for the six months ended September 30, 2021 to RMB177.4 million for the six months ended September 30, 2022. The increase in our selling and marketing expenses was primarily driven by the increases in (i) employee benefit of RMB20.4 million, attributable primarily to the rising sales and marketing personnel headcount to support our business expansion, and to a lesser extent, the increased average compensation for our sales and marketing personnel, and (ii) marketing expenses of RMB1.9 million, as a result of our enhanced marketing and branding efforts.

General and Administrative Expenses

Our general and administrative expenses decreased by 48.6% from RMB125.2 million for the six months ended September 30, 2021 to RMB64.4 million for the six months ended September 30, 2022. The decrease in our general and administrative expenses was primarily due to the decreases in (i) share-based payments for non-ESOP purposes of RMB53.3 million, and (ii) professional and service fees of RMB13.7 million. These expenses were incurred in 2021 in connection with our Series F round financing.

Research and Development Expenses

Our research and development expenses increased by 15.6% from RMB125.3 million for the six months ended September 30, 2021 to RMB144.9 million for the six months ended September 30, 2022, primarily driven by the increase in employee benefit of RMB17.9 million, attributable primarily to the rising research and development staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our research and development staff.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets increased significantly from RMB32 thousand for the six months ended September 30, 2021 to RMB2,601 thousand for the six months ended September 30, 2022, primarily because we increased our accrued impairment losses on our financial assets and contract assets as the size of such assets increased for the six months ended September 30, 2022.

Other Income

Our other income remained relatively stable at RMB17.5 million and RMB17.3 million for the six months ended September 30, 2021 and 2022.

Other Gains, Net

Our other gains, net decreased from RMB37.7 million for the six months ended September 30, 2021 to RMB19.3 million for the six months ended September 30, 2022, primarily due to the decreases in (i) fair value gains on foreign exchange forward contracts of RMB15.0 million as we redeemed our investment in such foreign exchange forward contracts, and (ii) gains on disposal of subsidiaries of RMB12.4 million in relation to the disposal of our equity interest in Beisen Shengya in September 2021 as part of our business reorganization plan to streamline our business. For details of such disposal, see "History, Reorganization and Corporate Structure—Disposal and Deregistration of Certain Subsidiaries—Beisen Shengya."

Operating Loss

As a result of the foregoing, our operating loss amounted to RMB163.5 million for the six months ended September 30, 2022, as compared to that of RMB162.3 million for the six months ended September 30, 2021.

Finance Income, Net

Our finance income, net decreased from RMB2.9 million for the six months ended September 30, 2021 to RMB1.4 million for the six months ended September 30, 2022, primarily due to

(i) the decrease in interest income from our bank deposits of RMB0.8 million, and (ii) the increase in interest expenses on lease liabilities of RMB0.8 million as we leased additional office space to support our business growth.

Fair Value Changes of Redeemable Convertible Preferred Shares

We recorded fair value changes of redeemable convertible preferred shares of RMB5.0 million for the six months ended September 30, 2022, as compared to that of RMB660.6 million for the six months ended September 30, 2021. The movement in changes in the fair value of redeemable convertible preferred shares resulted from changes in the valuation of our Company.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax of RMB820.0 million and RMB167.1 million for the six months ended September 30, 2021 and 2022, respectively.

Income Tax (Expense)/Credit

We recorded income tax credit of RMB4.3 million for the six months ended September 30, 2022, as compared to income tax expenses of RMB0.2 million for the six months ended September 30, 2021.

Loss for the Period

As a result of the foregoing, we recorded loss for the period of RMB820.2 million and RMB162.8 million for the six months ended September 30, 2021 and 2022, respectively.

Fiscal Year Ended March 31, 2022 Compared to Fiscal Year Ended March 31, 2021

Revenues

Our revenues increased by 22.2% from RMB556.3 million for the fiscal year of 2021 to RMB679.6 million for the fiscal year of 2022, primarily driven by the increased revenues generated from subscriptions to our cloud-based HCM solutions.

Cloud-based HCM solutions. Revenues generated from subscriptions to our cloud-based HCM solutions increased by 32.8% from RMB349.1 million for the fiscal year of 2021 to RMB463.5 million for the fiscal year of 2022. The increase in revenues was attributable to acquisition of new customers and increased subscription of our cloud-based HCM solutions by existing customers. Our customers of cloud-based HCM solutions increased from over 4,200 as of March 31, 2021 to over 4,700 as of March 31, 2022. We achieved a subscription revenue retention rate of 117% for the fiscal year of 2022. Accordingly, our ARR experienced a growth from RMB444.6 million as of March 31, 2021 to RMB581.8 million as of March 31, 2022.

Our acquisition of new customers and increased subscription by existing customers are both mainly driven by our enhanced product functionality, improved customer experience and increasing brand recognition, in part due to the growing awareness of the benefits of our digital cloud-based solutions during the COVID-19 pandemic. For the impact of the COVID-19 pandemic on our business, results of operations and financial position, see " – The Impact of and Our Responses to COVID-19."

Professional services. Professional services revenues increased by 4.3% from RMB207.3 million for the fiscal year of 2021 to RMB216.2 million for the fiscal year of 2022. The increase in our professional services revenues was primarily driven by the growing customers' demand for our implementation services as we had continued to attract and engage a growing customer base who had increased their usage of our cloud-based HCM solutions. The increase was partially offset by the disposal of Beisen Shengya in September 2021. Excluding inter-company transactions with the rest of the Group, (i) in the fiscal years of 2019, 2020, 2021 and 2022, professional services revenues generated from Beisen Shengya were RMB40.6 million, RMB42.5 million, RMB46.8 million and RMB20.3 million, respectively. Beisen Shengya recorded net losses of RMB3.9 million, RMB5.1 million and RMB1.1 million in the fiscal year of 2020, 2021 and 2022 and net profit of RMB7.3 million, in the fiscal years of 2019, respectively.

Cost of Revenues

Our cost of revenues increased by 49.5% from RMB186.7 million for the fiscal year of 2021 to RMB279.1 million for the fiscal year of 2022. The increase in our cost of revenues was primarily driven by the increases in (i) employee benefit of RMB76.0 million, attributable primarily to the rising operation and product support staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our operation and product support staff, and (ii) professional and technical service fees of RMB11.5 million, which was generally in line with our business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our overall gross profit increased by 8.4% from RMB369.6 million for the fiscal year of 2021 to RMB400.5 million for the fiscal year of 2022. Our overall gross margin decreased from 66.4% for the fiscal year of 2021 to 58.9% for the fiscal year of 2022.

Cloud-based HCM solutions. Gross profit for our cloud-based HCM solutions increased from RMB281.4 million for the fiscal year of 2021 to RMB355.2 million for the fiscal year of 2022. Gross margin for our cloud-based HCM solutions decreased from 80.6% for the fiscal year of 2021 to 76.6% for the fiscal year of 2022.

Professional services. Gross profit for our professional services decreased from RMB88.2 million for the fiscal year of 2021 to RMB45.4 million for the fiscal year of 2022. Gross margin for our professional services decreased from 42.6% for the fiscal year of 2021 to 21.0% for the fiscal year of 2022.

The decreases in our overall gross margin, gross margin for our cloud-based HCM solutions and gross profit and gross margin for our professional services were primarily because we hired a number of new operation and product support staff in the fiscal year of 2022 to improve customer services and experience and support our continuous business growth, whose work efficiency might not reach an optimum level during the course of orientation and onboarding training. To a lesser extent, it was also because we were no longer able to benefit from the PRC government's relief policies in response to the COVID-19 pandemic for the fiscal year of 2022 as the COVID-19 pandemic had been under control in China. The decrease in the gross margin for our professional services, particularly, was also attributable to the disposal of Beisen Shengya in September 2021. Beisen Shengya's career planning services generally have a higher gross margin profile than the remaining professional services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 16.4% from RMB284.3 million for the fiscal year of 2021 to RMB331.0 million for the fiscal year of 2022. The increase in our selling and marketing expenses was primarily driven by the increases in (i) employee benefit of RMB37.0 million, attributable primarily to the rising sales and marketing personnel headcount to support our business expansion, and to a lesser extent, the increased average compensation for our sales and marketing personnel, and (ii) marketing expenses of RMB9.4 million, as a result of our enhanced marketing and branding efforts.

General and Administrative Expenses

Our general and administrative expenses increased by 148.6% from RMB83.1 million for the fiscal year of 2021 to RMB206.6 million for the fiscal year of 2022. The increase in our general and administrative expenses was primarily driven by the increases in (i) share-based payments for non-ESOP purposes of RMB53.3 million, primarily representing the difference between the consideration we paid and the respective fair value of the repurchased shares during our Series F financing, (ii) professional and service fees of RMB40.5 million, primarily representing expenses that we incurred in connection with our Series F round financing, and (iii) employee benefits of RMB17.0 million, attributable primarily to the rising general and administrative staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our general and administrative staff.

Research and Development Expenses

Our research and development expenses increased by 21.6% from RMB212.6 million for the fiscal year of 2021 to RMB258.4 million for the fiscal year of 2022, primarily driven by the increase in employee benefit of RMB41.4 million, attributable primarily to the rising research and development staff headcount to support our business expansion, and to a lesser extent, the increased average compensation for our research and development staff.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets remained relatively stable at RMB1,026 thousand and RMB1,024 thousand for the fiscal years of 2021 and 2022, respectively.

Other Income

Our other income increased from RMB26.2 million for the fiscal year of 2021 to RMB34.9 million for the fiscal year of 2022, primarily due to the increase in value added tax refund generally in line with our revenue growth and overall business expansion.

Other Gains, Net

Our other gains, net increased from RMB44.1 million for the fiscal year of 2021 to RMB73.0 million for the fiscal year of 2022, primarily due to the recognitions of (i) fair value gains on foreign exchange forward contracts of RMB14.7 million, and (ii) gains on disposal of subsidiaries of RMB11.9 million in relation to the disposal of our equity interest in Beisen Shengya in September 2021 as part of our business reorganization plan to streamline our business. For details of such disposal, see "History, Reorganization and Corporate Structure – Disposal and Deregistration of Certain Subsidiaries – Beisen Shengya."

Operating Loss

As a result of the foregoing, our operating loss amounted to RMB288.6 million for the fiscal year of 2022, as compared to that of RMB141.1 million for the fiscal year of 2021.

Finance Income, Net

Our finance income, net increased from RMB3.0 million for the fiscal year of 2021 to RMB5.2 million for the fiscal year of 2022, primarily due to the increase in interest income from our bank deposits of RMB3.4 million.

Fair Value Changes of Redeemable Convertible Preferred Shares

We recorded fair value changes of redeemable convertible preferred shares of RMB1,638.2 million for the fiscal year of 2022, as compared to that of RMB752.8 million for the fiscal year of 2021. The movement in changes in the fair value of redeemable convertible preferred shares resulted from changes in the valuation of our Company driven by our strong business growth and improved business outlook.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax of RMB923.4 million and RMB1,921.6 million for the fiscal years of 2021 and 2022, respectively.

Income Tax (Expense)/Credit

We recorded income tax credit of RMB12.8 million for the fiscal year of 2022, as compared to income tax expenses of RMB16.7 million for the fiscal year of 2021.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB940.1 million and RMB1,908.8 million for the fiscal years of 2021 and 2022, respectively.

Fiscal Year Ended March 31, 2021 Compared to Fiscal Year Ended March 31, 2020

Revenues

Our revenues increased by 21.3% from RMB458.5 million for the fiscal year of 2020 to RMB556.3 million for the fiscal year of 2021, primarily driven by the increased revenues generated from subscriptions to our cloud-based HCM solutions.

Cloud-based HCM solutions. Revenues generated from subscriptions to our cloud-based HCM solutions increased by 34.5% from RMB259.4 million for the fiscal year of 2020 to RMB349.1 million for the fiscal year of 2021. The increase in revenues was attributable to acquisition of new customers and increased subscription of our cloud-based HCM solutions by existing customers. Our customers of cloud-based HCM solutions increased from over 3,800 as of March 31, 2020 to over 4,200 as of March 31, 2021. We achieved a subscription revenue retention rate of 113% for the fiscal year of 2021. Accordingly, our ARR experienced a growth from RMB328.3 million as of March 31, 2020 to RMB444.6 million as of March 31, 2021.

Our acquisition of new customers and increased subscription by existing customers are both mainly driven by our enhanced product functionality, improved customer experience and increasing brand recognition, in part due to the growing awareness of the benefits of our digital cloud-based solutions during the COVID-19 pandemic. For the impact of the COVID-19 pandemic on our business, results of operations and financial position, see "—The Impact of and Our Responses to COVID-19."

Professional services. Professional services revenues increased by 4.1% from RMB199.1 million for the fiscal year of 2020 to RMB207.3 million for the fiscal year of 2021. The increase in our professional services revenues was primarily driven by the growing customers' demand for our implementation services as we had continued to attract and engage a growing customer base who had increased their usage of our cloud-based HCM solutions. The increase was partially offset by the decrease in revenues generated from Ruizheng HR Management that we disposed of in July 2020.

Cost of Revenues

Despite our net revenue growth, our cost of revenues remained relatively stable at RMB184.2 million and RMB186.7 million for the fiscal years of 2020 and 2021, respectively, primarily as a result of (i) our efforts to optimize our internal organizational structure and headcount, and to a lesser extent, (ii) the reduction in the amount of social insurance contributions for our operation and product support staff due to the PRC government's relief policies in response to the COVID-19 pandemic.

Gross Profit and Gross Margin

As a result of the foregoing, our overall gross profit increased by 34.7% from RMB274.3 million for the fiscal year of 2020 to RMB369.6 million for the fiscal year of 2021. Our overall gross margin increased from 59.8% for the fiscal year of 2020 to 66.4% for the fiscal year of 2021, primarily because (i) we optimized our internal organizational structure and headcount, resulting in our reduced operational costs, and (ii) we benefited from the PRC government's relief policies in response to the COVID-19 pandemic.

Cloud-based HCM solutions. Gross profit for our cloud-based HCM solutions increased from RMB200.9 million for the fiscal year of 2020 to RMB281.4 million for the fiscal year of 2021. Gross margin for our cloud-based HCM solutions remained relatively stable at 77.4% and 80.6% in the fiscal years of 2020 and 2021, respectively.

Professional services. Gross profit for our professional services increased from RMB73.5 million for the fiscal year of 2020 to RMB88.2 million for the fiscal year of 2021. Gross margin for our professional services increased from 36.9% for the fiscal year of 2020 to 42.6% for the fiscal year of 2021 for the same reasons as discussed above with respect to our overall gross margin.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 3.7% from RMB295.2 million for the fiscal year of 2020 to RMB284.3 million for the fiscal year of 2021. The decrease was primarily due to the decreases in (i) marketing expenses of RMB2.1 million as our sales and marketing activities were temporarily affected by the COVID-19 pandemic in early 2020, (ii) depreciation and amortization of RMB3.5 million, and (iii) traveling and office expenses of RMB4.6 million, as a result of our reduced office space and sales and marketing personnel headcount as part of our efforts to optimize our operational processes and sales and marketing efficiency. The decrease was partially offset by an increase in employee benefit, primarily driven by the increased average compensation for our sales and marketing personnel.

General and Administrative Expenses

Our general and administrative expenses decreased by 24.6% from RMB110.2 million for the fiscal year of 2020 to RMB83.1 million for the fiscal year of 2021, attributable primarily to our improved operational processes and efficiency. Specifically, the decrease in our general and administrative expenses was primarily due to the decreases in (i) employee benefit of RMB15.8 million, primarily because after the 2019 Stock Incentive Plan was adopted, we granted a substantial number of share awards on a one-time basis in the fiscal year of 2020 in recognition of past efforts that the relevant administrative staff had made, which resulted in a larger amount of share-based payments expenses being recognized during the same year as compared to the fiscal year of 2021, and (ii) traveling and office expenses of RMB5.3 million as a result of our reduced office space and administrative staff headcount.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB215.2 million and RMB212.6 million for the fiscal years of 2020 and 2021, respectively. Specifically, our employee benefit decreased from RMB197.3 million for the fiscal year of 2020 to RMB195.9 million for the fiscal year of 2021, attributable primarily to the decreased share-based payments expenses.

Net Impairment Losses on Financial Assets and Contract Assets

We had net impairment losses on financial assets and contract assets of RMB1,026 thousand for the fiscal year of 2021, as compared to that of RMB384 thousand for the fiscal year of 2020, primarily because we increased our accrued impairment losses on our financial assets and contract assets as the size of such assets increased for the fiscal year of 2021.

Other Income

Our other income increased from RMB24.3 million for the fiscal year of 2020 to RMB26.2 million for the fiscal year of 2021, primarily due to the increase of RMB1.3 million refund by the PRC tax authorities of service charges relating to value added tax.

Other Gains, Net

Our other gains, net increased from RMB2.1 million for the fiscal year of 2020 to RMB44.1 million for the fiscal year of 2021, primarily due to the increases in (i) net foreign exchange gains of RMB31.4 million as a result of a stronger Renminbi to U.S. dollars exchange rate, (ii) net fair value gains on financial assets at fair value through profit or loss of RMB9.2 million attributable primarily to changes in the valuation of Beijing Black Mirror, our investee company, and (iii) fair value gains on foreign exchange forward contracts of RMB5.6 million. For more information on Beijing Black Mirror, see "—Discussion of Certain Key Balance Sheet Items—Financial Assets at Fair Value through Profit or Loss."

Operating Loss

As a result of the foregoing, our operating loss amounted to RMB141.1 million for the fiscal year of 2021, as compared to that of RMB320.2 million for the fiscal year of 2020.

Finance Income, Net

Our finance income, net decreased from RMB4.7 million for the fiscal year of 2020 to RMB3.0 million for the fiscal year of 2021, primarily due to the decrease in interest income from our bank deposits of RMB2.4 million.

Fair Value Changes of Redeemable Convertible Preferred Shares

We recorded fair value changes of redeemable convertible preferred shares of RMB752.8 million for the fiscal year of 2021, as compared to that of RMB883.4 million for the fiscal year of 2020, primarily due to changes in the valuation of our Company.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax of RMB1,252.3 million and RMB923.4 million for the fiscal years of 2020 and 2021, respectively.

Income Tax Expenses

Our income tax expenses increased from RMB14.5 million for the fiscal year of 2020 to RMB16.7 million for the fiscal year of 2021, primarily due to the increases in the taxable income attributable to certain of our controlled entities in the PRC.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB1,266.8 million and RMB940.1 million for the fiscal years of 2020 and 2021, respectively.

Fiscal Year Ended March 31, 2020 Compared to Fiscal Year Ended March 31, 2019

Revenues

Our revenues increased by 19.9% from RMB382.3 million for the fiscal year of 2019 to RMB458.5 million for the fiscal year of 2020.

Cloud-based HCM solutions. Revenues generated from subscriptions to our cloud-based HCM solutions increased by 24.1% from RMB209.0 million for the fiscal year of 2019 to RMB259.4 million for the fiscal year of 2020. The increase in revenues was attributable to acquisition of new customers and increased subscription of our cloud-based HCM solutions by existing customers. Our customers of cloud-based HCM solutions increased from approximately 3,300 as of March 31, 2019 to approximately 3,800 as of March 31, 2020. We achieved a subscription revenue retention rate of 105% for the fiscal year of 2020. Our acquisition of new customers and increased subscription by existing customers are both mainly driven by our enhanced product functionality, improved customer experience and increasing brand recognition.

Professional services. Professional services revenues increased by 14.9% from RMB173.3 million for the fiscal year of 2019 to RMB199.1 million for the fiscal year of 2020. The increase in our professional services revenues was primarily driven by the growing customers' demand for our implementation services and value-added services as we had continued to attract and engage a growing customer base who had increased their usage of our cloud-based HCM solutions.

Cost of Revenues

Our cost of revenues increased by 22.1% from RMB150.8 million for the fiscal year of 2019 to RMB184.2 million for the fiscal year of 2020. The increase in our cost of revenues was primarily driven by the increases in (i) employee benefit of RMB23.9 million, attributable primarily to the rising operation and product support staff headcount to support our business expansion, and (ii) depreciation and amortization of RMB5.2 million.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 18.5% from RMB231.5 million for the fiscal year of 2019 to RMB274.3 million for the fiscal year of 2020. Our gross margin remained relatively stable at 60.6% and 59.8% for the fiscal years of 2019 and 2020, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 42.8% from RMB206.8 million for the fiscal year of 2019 to RMB295.2 million for the fiscal year of 2020. The increase in our selling and marketing expenses was primarily driven by the increases in (i) employee benefit of RMB70.8 million, attributable primarily to the rising sales and marketing personnel headcount to support our business expansion, (ii) marketing expenses of RMB4.2 million, as a result of our enhanced marketing and branding efforts and (iii) depreciation and amortization of RMB6.1 million. Our selling and marketing expenses, as percentages of total revenues, increased from 54.1% for the fiscal year of 2019 to 64.5% for the fiscal year of 2020, primarily due to the increased employee benefit as a result of our expanded sales and marketing personnel headcount.

General and Administrative Expenses

Our general and administrative expenses decreased by 29.2% from RMB155.5 million for the fiscal year of 2019 to RMB110.2 million for the fiscal year of 2020. The decrease was primarily due to the decrease in share-based payments of RMB78.6 million, primarily because we recognized share-based payments for non-ESOP purposes of RMB47.4 million in the fiscal year of 2019 in connection with our Reorganization, which amount was not recorded in the fiscal year of 2020. The decrease was partially offset by an increase in employee benefit of RMB33.7 million, primarily driven by the increased average compensation for our administrative staff.

Research and Development Expenses

Our research and development expenses increased by 46.9% from RMB146.5 million for the fiscal year of 2019 to RMB215.2 million for the fiscal year of 2020. The increase in our research and development expenses was primarily driven by the increases in employee benefit of RMB65.1 million, attributable primarily to the rising research and development staff headcount to support our business expansion. Accordingly, our research and development expenses, as percentages of total revenues, increased from 38.3% for the fiscal year of 2019 to 46.9% for the fiscal year of 2020.

Net Impairment Losses on Financial Assets and Contract Assets

We had a net impairment loss on financial assets and contract assets of RMB0.38 million for the fiscal year of 2020, compared to a net reversal of impairment loss of RMB0.12 million for the fiscal year of 2019, primarily because we increased our accrued impairment losses on our financial assets and contract assets as the size of such assets increased for the fiscal year of 2020.

Other Income

Our other income remained relatively stable at RMB23.9 million and RMB24.3 million for the fiscal years of 2019 and 2020, respectively.

Other Gains, Net

Our other gains, net decreased from RMB3.3 million for the fiscal year of 2019 to RMB2.1 million for the fiscal year of 2020, primarily due to the increase in net foreign exchange losses of RMB4.3 million, which was partially offset by the increase in gains on disposal of subsidiaries of RMB3.0 million in relation to the disposal of our equity interest in Ruizheng HR Management.

Operating Loss

As a result of the foregoing, our operating loss amounted to RMB320.2 million for the fiscal year of 2020, as compared to that of RMB250.0 million for the fiscal year of 2019.

Finance Income, Net

Our finance income, net increased from RMB0.4 million for the fiscal year of 2019 to RMB4.7 million for the fiscal year of 2020, primarily due to the increase in interest income from our bank deposits of RMB4.4 million.

Fair Value Changes of Redeemable Convertible Preferred Shares

We recorded losses in changes in fair value of redeemable convertible preferred shares of RMB883.4 million for the fiscal year of 2020, as compared to that of RMB 317.7 million for the fiscal year of 2019. The movement in changes in the fair value of redeemable convertible preferred shares resulted from changes in the valuation of our Company driven by our strong business growth and improved business outlook.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax expenses of RMB691.9 million and RMB1,252.3 million for the fiscal years of 2019 and 2020, respectively.

Income Tax Credit / Expenses

We recorded income tax credit of RMB1.7 million for the fiscal year of 2019, as compared to income tax expenses of RMB14.5 million for the fiscal year of 2020, primarily because we recognized certain deductible losses as deferred income tax for the fiscal year of 2019.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB690.2 million and RMB1,266.8 million for the fiscal years of 2019 and 2020, respectively.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this Document.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Total non-current assets	128,670	94,126	84,927	186,064	207,655
Total current assets	596,283	503,499	507,890	1,848,641	1,659,536
Total assets	**724,953**	**597,625**	**592,817**	**2,034,705**	**1,867,191**
Total non-current liabilities	1,878,158	2,879,283	32,510	6,672,607	7,454,618
Total current liabilities	386,280	556,723	4,103,589	642,448	610,703
Total liabilities	**2,264,438**	**3,436,006**	**4,136,099**	**7,315,055**	**8,065,321**
Total deficits	**(1,539,485)**	**(2,838,381)**	**(3,543,282)**	**(5,280,350)**	**(6,198,130)**
Total deficits and liabilities	**724,953**	**597,625**	**592,817**	**2,034,705**	**1,867,191**

We recorded net liabilities throughout the Track Record Period, attributable primarily to the warrants and/or redeemable convertible preferred shares issued in connection with our **[REDACTED]** Investments. The warrant liability had been derecognized in June 2020, and the redeemable convertible preferred shares will be automatically converted into ordinary shares upon the completion of the **[REDACTED]**. As a result, upon the completing of the **[REDACTED]**, our redeemable convertible preferred shares will be re-designated from financial liabilities to equity such that our current net liabilities position is expected to change to a net assets position. Our net liabilities increased from RMB1,539.5 million as of March 31, 2019 to RMB2,838.4 million as of March 31, 2020 attributable primarily to loss for the year of RMB1,266.8 million. Our net liabilities increased from RMB2,838.4 million as of March 31, 2020 to RMB3,543.3 million as of March 31, 2021 attributable primarily to loss for the year of RMB940.1 million, as offset by currency translation differences of RMB202.4 million and share-based payments of RMB33.5 million. Our net liabilities further increased from RMB3,543.3 million as of March 31, 2021 to RMB5,280.4 million as of March 31, 2022 attributable primarily to loss for the year of RMB1,908.8 million, as offset by currency translation differences of RMB130.6 million and share-based payments of RMB53.6 million. Our net liabilities subsequently increased from RMB5,280.4 million as of March 31, 2022 to RMB6,198.1 million as of September 30, 2022 attributable primarily to loss for period of RMB162.8 million, currency translation differences of RMB756.3 million and fair value changes of redeemable preferred shares due to own credit risk of RMB4.3 million. For further details, see the consolidated statements of changes in deficits set out in the Accountant's Report included in Appendix I to this Document.

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of March 31,				As of September 30,	As of January 31,
	2019	2020	2021	2022	2022	2023
						(Unaudited)
			(RMB in thousands)			
Current assets						
Assets classified as held for sale	—	2,700	—	—	—	—
Contract acquisition costs	8,942	12,610	17,254	22,064	16,757	18,481
Contract assets	1,319	3,303	1,332	2,713	2,657	4,473
Trade receivables	11,169	12,327	13,355	22,174	26,588	29,755
Other receivables and prepayments	17,161	11,520	18,851	24,716	29,260	28,355
Derivative financial instruments	—	—	527	—	—	—
Financial assets at fair value through profit or loss	10,800	176,868	125,293	1,297,642	1,303,640	1,154,786
Term deposits	289,541	92,106	105,141	190,446	201,634	182,531
Restricted cash	—	728	11,063	180	81	213
Cash and cash equivalents	257,351	191,337	215,074	288,706	78,919	157,934
Total current assets	**596,283**	**503,499**	**507,890**	**1,848,641**	**1,659,536**	**1,576,528**
Current liabilities						
Redeemable convertible preferred shares	—	—	3,558,177	—	—	—
Warrant liability	57,112	114,576	—	—	—	—
Trade payables	1,879	2,663	1,172	4,703	9,709	6,894
Other payables and accruals	147,832	203,917	171,476	202,210	175,345	186,599
Contract liabilities	150,220	214,348	349,527	398,407	390,395	387,135
Lease liabilities	29,237	21,219	23,237	37,128	35,254	31,536
Total current liabilities	**386,280**	**556,723**	**4,103,589**	**642,448**	**610,703**	**612,164**
Net current assets / (liabilities)	**210,003**	**(53,224)**	**(3,595,699)**	**1,206,193**	**1,048,833**	**964,364**

We recorded net current liabilities of RMB53.2 million and RMB3,595.7 million as of March 31, 2020 and 2021, respectively. Our net current liabilities position as of each of these dates was mainly due to the warrants and/or redeemable convertible preferred shares in connection with our **[REDACTED]** Investments. The foregoing redeemable convertible preferred shares will be automatically converted into ordinary shares upon the completion of the **[REDACTED]**. See also "Risk Factors—Risks Relating to Our Business and Industry—We recorded net liabilities and net current liabilities during the Track Record Period."

We recorded net current assets of RMB964.4 million as of January 31, 2023, as compared to RMB1,048.8 million as of September 30, 2022, primarily due to the decrease in financial assets at fair value through profit or loss of RMB148.9 million. The decrease in net current assets was partially offset by an increase in cash and cash equivalents of RMB79.0 million.

We recorded net current assets of RMB1,048.8 million as of September 30, 2022, as compared to net current assets of RMB1,206.2 million as of March 31, 2022, primarily due to the decrease in cash and cash equivalents of RMB209.8 million as we continue to invest in our business expansion. The decrease in net current assets was partially offset by a decrease in other payables and accruals of RMB26.9 million, in relation to the decrease in salary and welfare payable as we settled employees' annual bonuses over the period.

We recorded net current assets of RMB1,206.2 million as of March 31, 2022, as compared to net current liabilities of RMB3,595.7 million as of March 31, 2021, primarily due to (i) redeemable convertible preferred shares of RMB3,558.2 million being re-classified as non-current liabilities due to the extension of their earliest redemption date in April 2021, (ii) the increase in financial assets at fair value through profit or loss of RMB1,172.3 million, attributable to the increase in our structured deposits, and (iii) the increase in term deposits of RMB85.3 million.

We recorded net current liabilities of RMB3,595.7 million as of March 31, 2021, as compared to net current liabilities of RMB53.2 million as of March 31, 2020, primarily due to (i) the recognition of redeemable convertible preferred shares of RMB3,558.2 million, and (ii) the increase in contract liabilities of RMB135.2 million. The increase in net current liabilities was partially offset by a decrease in warrant liability of RMB114.6 million.

We recorded net current liabilities of RMB53.2 million as of March 31, 2020, as compared to net current assets of RMB210.0 million as of March 31, 2019, primarily due to (i) the decrease in term deposits of RMB197.4 million, (ii) the increase in contract liabilities of RMB64.1 million, (iii) the increase in warrant liability of RMB57.5 million, and (iv) the increase in other payables and accruals of RMB56.1 million. The increase in net current liabilities was partially offset by an increase in financial assets at fair value through profit or loss of RMB166.1 million.

Cash and Cash Equivalents

During the Track Record Period, we had cash and cash equivalents of RMB257.4 million, RMB191.3 million, RMB215.1 million, RMB288.7 million and RMB78.9 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. For a detailed analysis of our cash flow during the Track Record Period, see "—Liquidity and Capital Resources—Cash Flow Analysis."

Financial Assets at Fair Value through Profit or Loss

During the Track Record Period, our financial assets at fair value through profit or loss consisted primarily of our investment in certain structured deposits and wealth management products issued by major and reputable commercial banks in the PRC, and equity investment in Beijing Black Mirror and Beisen Shengya.

Beijing Black Mirror, an OKR and performance management service provider in China, was founded by Mr. Zhang, former director and chief technology officer of our Onshore Holdco. Beijing Black Mirror is focused on the provision of OKR software and related services and has developed proprietary technologies for developing OKR software for HCM purposes. OKR software are dedicated tools for setting, communicating, tracking, and measuring goals and results within organizations. One of the most prominent use cases of OKR software is HCM where they are deployed to track teams' and individuals' progress towards pre-determined tasks as well as an organization's progress towards its broad objectives. We believe our investment in Beijing Black Mirror builds a mutually relationship with Beijing Black Mirror where we may leverage its experience, expertise and technology capabilities to incorporate more OKR components into our cloud-based HCM solutions to better serve customers and tap into our target markets. As of the Latest Practicable Date, our Onshore Holdco held approximately 10.2% equity interest in Beijing Black Mirror. In addition, Mr. Ji Weiguo, our executive Director and chief executive officer, is a limited partner with less than 5% interest of a limited partnership that holds approximately 51.7% equity interest in Beijing Black Mirror. For further information on Beijing Black Mirror, see "History, Reorganization and Corporate Structure—Disposal and Deregistration of Certain Subsidiaries—Sen Yun Technology."

The following table sets forth a breakdown of our financial assets at fair value through profit or loss as of the dates indicated.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Current assets					
Structured deposit	—	170,085	122,280	1,297,642	1,303,640
Wealth management product	10,800	6,783	3,013	—	—
Non-current assets					
Unlisted equity investment	3,870	5,083	15,314	23,294	25,451
Total	**14,670**	**181,951**	**140,607**	**1,320,936**	**1,329,091**

During the Track Record Period, we invested primarily in structured products with low risk profiles that typically have a term ranging from one to six months. In addition, we also made investment in wealth management products with the underlying assets being primarily investments in various types of assets that meet regulatory requirements and have high liquidity and market credit rating, including bonds, inter-bank deposits, bond funds and other money market instruments. To monitor and control the investment risks associated with our structured deposits and wealth management product portfolio, we have established a set of internal risk management policies and guidelines. Steered by Ms. Liu Xianna, our chief financial officer, our finance department is responsible for overseeing our investment portfolio. Ms. Liu has been supervising our investment activities since she joined our Group and was highly involved in our historical investments. For relevant experience, qualifications and expertise of Ms. Liu, see "Director and Senior Management—Directors—Executive Directors." Our investment strategy related to structured deposits and wealth management product portfolio focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns for the benefits of our shareholders. We primarily invest in structured deposits and wealth management products issued by major commercial banks in China with relatively low risks for a short- to mid-term of no more than one year. We make investment decisions related to structured deposits and wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of issuing banks, our own working capital conditions, and the expected profit or potential loss of the investment. Our finance department proposes, analyzes and evaluates potential investment in structured deposits and wealth management products based on recommendations of our relationship and account managers at reputable banks in China. Prior to making any material investment or modifying our existing investment portfolio, the proposal shall be approved by our Board.

Additionally, we have been, and may continue prudently evaluating and considering a wide array of potential strategic investments in emerging businesses in China's HCM market to diversify our product offerings, improve our technological capabilities, and broaden our customer base. Supervised by Ms. Liu, our investor relations department is responsible for identifying, reviewing and pursuing strategic investments that are complementary to our growth strategies. Prior to making any investment decision, our investor relations department will thoroughly assess any potential investments based on multiple criteria, including the detailed information about the potential investees, before the proposal is provided to our Directors or shareholders for approval. We closely monitor the operational and financial performance of our acquired business and investees. From time to time, we may also decide to dispose of certain or all of our equity interests in our investee companies to achieve financial returns or to align with our business focus. Our internal procedures for exit decisions are substantially similar to the procedures for investment decisions.

Our investments in these assets after the **[REDACTED]** will be subject to the compliance with relevant laws, regulations and rules, including Chapter 14 of, and other applicable rules under the Listing Rules.

Our financial assets at fair value through profit or loss amounted to RMB14.7 million, RMB182.0 million, RMB140.6 million, RMB1,320.9 million and RMB1,329.1 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. The movement in the amount of our financial assets at fair value through profit or loss during the Track Record Period was attributable primarily to the increase or decrease in our structured deposits. Our investment in structured deposit increased significantly from RMB122.3 million as of March 31, 2021 to RMB1,297.6 million as of March 31, 2022, mainly because we received the proceeds from our Series F financing round.

Trade Receivables

Trade receivables represent outstanding amounts due from customers for our solutions and services that we performed in the ordinary course of business. A trade receivable is recorded when we have an unconditional right to consideration and upon invoicing the customer based on the payment schedule provided in the relevant agreements. Our trade receivables are generally due for settlement within one year and therefore are all classified as current assets.

Our trade receivables amounted to RMB11.2 million, RMB12.3 million, RMB13.4 million, RMB22.2 million and RMB26.6 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022. The increase in our trade receivables throughout the Track Record Period was attributable primarily to the growing customers' demand for our solutions and services as we had continued to attract and engage a growing customer base who had increased their usage of our cloud-based HCM solutions. This was also generally in line with our overall business growth over the periods.

Below sets forth an aging analysis of trade receivables based on date of recognition.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Aging					
Up to 6 months	10,586	10,459	12,326	18,565	22,422
6 months to 1 year	468	1,460	1,235	3,064	4,297
1 to 2 years	317	655	317	1,269	2,897
Over 2 years	55	2	—	134	385
	11,426	**12,576**	**13,878**	**23,032**	**30,001**
Less: allowance for impairment of trade receivables	(257)	(249)	(523)	(858)	(3,413)
	11,169	**12,327**	**13,355**	**22,174**	**26,588**

The following table sets forth the turnover days of our trade receivables for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,
	2019	2020	2021	2022	2022
Trade receivables turnover days[(1)]	12.4	9.6	8.7	9.9	13.8

Note:

(1) Trade receivables turnover days are based on the average balance of trade receivables divided by total revenues for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The numbers of days for the fiscal years ended March 31 and the six months ended September 30 are 365 days and 183 days, respectively.

Our trade receivables turnover days remained relatively stable at 12.4 days, 9.6 days, 8.7 days, 9.9 days and 13.8 days for the fiscal years of 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively.

As of the Latest Practicable Date, RMB11.1 million, or 37.1% of our trade receivables outstanding as of September 30, 2022 had been subsequently collected.

We will continue to strengthen our management in trade receivables and improve the collection rate in the future, and our Directors are of the view that sufficient provision has been made to trade receivables and the risk of not being able to recover the remaining trade receivables is relatively low based on our evaluation of the historical credit standing and the credit records of these customers as most of our trade receivables are due from reputable large-scale enterprises. For further information about our accounting for trade receivables and description of our impairment policies, please refer to Note 3.1(b) to the Accountant's Report included in Appendix I to this Document.

Contract Assets

Contract assets represent our rights to receive consideration for obligations partially performed and not yet billed under subscription agreements with customers because such rights are conditional upon our future performance of our remaining obligations under such agreements, such as provision of implementation services. Our contract assets amounted to RMB1.3 million, RMB3.3 million, RMB1.3 million, RMB2.7 million and RMB2.7 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively.

The following table sets forth the turnover days of our contract assets for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,
	2019	2020	2021	2022	2022
Contract assets turnover days[(1)]	1.1	1.9	1.5	1.1	1.4

Note:

(1) Contract assets turnover days are based on the average balance of contract assets divided by total revenues for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The numbers of days for the fiscal years ended March 31 and the six months ended September 30 are 365 days and 183 days, respectively.

Our contract assets turnover days were 1.1 days, 1.9 days, 1.5 days, 1.1 days and 1.4 days for the fiscal years of 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022, respectively.

As of the Latest Practicable Date, RMB1.3 million, or 46.4% of our contract assets as of September 30, 2022 had been subsequently settled.

The following table sets forth the turnover days of our trade receivables and contract assets for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,
	2019	2020	2021	2022	2022
Trade receivables and contract asset turnover days(1)	13.5	11.4	10.2	11.0	15.2

Note:

(1) Trade receivables and contract asset turnover days are based on the average balance of trade receivables and contract assets divided by total revenues for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The numbers of days for the fiscal years ended March 31 and the six months ended September 30 are 365 days and 183 days, respectively.

Our trade receivables and contract assets turnover days remained relatively stable at 13.5 days, 11.4 days, 10.2 days, 11.0 days and 15.2 days for the fiscal years of 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022 , respectively.

Contract Acquisition Costs

Our contract acquisition costs relate to the sales commissions payable by us to our sales personnel for sales of our cloud-based HCM solutions to customers, which are initially capitalized as assets upon the customers' payment of the subscription fees and are subsequently recognized as selling and marketing expenses over an estimated period of benefit. During the Track Record Period, the sales commissions offered by us to our sales personnel typically ranged from zero to 20% of the contract value, depending primarily on the sales personnel's performance. Contract acquisition costs are classified as current assets if they are expected to be paid within one year or less. Otherwise they are presented as non-current assets. The following table sets forth a breakdown of our contract acquisition costs as of the dates indicated.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Current portion	8,942	12,610	17,254	22,064	16,757
Non-current portion	9,033	10,240	15,910	19,095	26,261
Total	**17,975**	**22,850**	**33,164**	**41,159**	**43,018**

Our contract acquisition costs amounted to RMB18.0 million, RMB22.9 million, RMB33.2 million, RMB41.2 million and RMB43.0 million as of March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2022. The increase in our contract acquisition costs over time was primarily due to the rising product sales, which resulted from the growing customer acceptance of our cloud-based HCM solutions as we have continued to improve product functionality and customer experience and enhance brand awareness. The increase was also in line with the overall growth of our business during the Track Record Period.

As of the Latest Practicable Date, RMB7.8 million, or 18.1% of our contract acquisition costs as of September 30, 2022 had been subsequently recognized as selling and marketing expenses.

Other Receivables and Prepayments

The following table sets forth our other receivables and prepayments as of the dates indicated.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Non-current:					
Rental and other deposits	9,285	7,791	8,001	10,319	11,037
Prepayment for property, plant and equipment	651	—	996	4,897	357
Loan to employee	3,000	2,237	1,400	600	200
Subtotal	**12,936**	**10,028**	**10,397**	**15,816**	**11,594**
Current:					
Rental and other deposits	1,944	3,948	3,201	7,343	4,144
Prepaid services and goods	2,373	2,613	9,914	5,162	8,228
Deferred **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tax refunds receivable	6,075	486	1,694	2,968	2,809
Input tax to be certified and VAT allowance	848	1,279	630	2,419	2,617
Prepaid rent and property management fee	1,065	913	1,493	1,067	1,950
Receivable from disposal of a subsidiary	—	—	—	—	1,216
Loan to employee and petty cash	2,086	1,292	1,165	852	867
Interest receivable	1,650	314	107	55	469
Others	1,385	839	811	961	1,002
Subtotal	**17,426**	**11,684**	**19,015**	**25,538**	**29,488**
Total	**30,362**	**21,712**	**29,412**	**41,354**	**41,082**
Less: allowance for impairment of other receivables	(265)	(164)	(164)	(822)	(228)
Net book amount	**30,097**	**21,548**	**29,248**	**40,532**	**40,854**

The current portion of our other receivables and prepayments consists primarily of (i) rental and other deposits, (ii) prepaid services and goods, (iii) deferred **[REDACTED]**, (iv) tax refunds receivable, (v) input tax to be certified and VAT allowance, (vi) prepaid rent and property management fee, (vii) receivable from disposal of equity investment in Beisen Shengya, (viii) loan to employee and petty cash, (ix) interest receivables, and (x) others.

The current portion of our other receivables and prepayments decreased from RMB17.4 million as of March 31, 2019 to RMB11.7 million as of March 31, 2020, primarily due to the decreased tax refunds receivable as a result of the shortened tax refund cycle driven by the tax authorities' streamlined process. The current portion of our other receivables and prepayments increased from RMB11.7 million as of March 31, 2020 to RMB19.0 million as of March 31, 2021, primarily due to the increased prepaid services and goods driven by our enhanced marketing and research and development efforts, which was generally in line with our overall business growth. The current portion of our other receivables and prepayments increased from RMB19.0 million as of March 31, 2021 to RMB25.5 million as of March 31, 2022, primarily attributable to the recognition of deferred **[REDACTED]** in connection with the **[REDACTED]** and the **[REDACTED]** of RMB**[REDACTED]** and the increase in rental and other deposits of RMB4.1 million driven by our business growth. The current portion of our other receivables and prepayments increased from RMB25.5 million as of March 31, 2022 to RMB29.5 million as of September 30, 2022, primarily attributable to the increases in (i) prepaid services and goods of RMB3.1 million driven by our enhanced marketing and research and development efforts, which was generally in line with our overall business growth, (ii) deferred **[REDACTED]**

[REDACTED] of RMB**[REDACTED]** in connection with the **[REDACTED]** and the **[REDACTED]**, and (iii) receivable from disposal of equity investment in Beisen Shengya of RMB1.2 million.

The non-current portion of our other receivables and prepayments consists primarily of (i) rental and other deposits, (ii) prepayment for property, plant and equipment, and (iii) loan to employee relating to our employees.

The non-current portion of our other receivables and prepayments decreased from RMB12.9 million as of March 31, 2019 to RMB10.0 million as of March 31, 2020, attributable mainly to the decreased rental and other deposits which, in turn, was mainly due to rental deposits for certain leases being re-classified as current assets as their remaining terms were less than one year. The non-current portion of our other receivables and prepayments remained relatively stable at RMB10.4 million as of March 31, 2021, as compared to RMB10.0 million as of March 31, 2020. The non-current portion of our other receivables and prepayments increased from RMB10.4 million as of March 31, 2021 to RMB15.8 million as of March 31, 2022, attributable primarily to the increased prepayment for property, plant and equipment and long-term rental deposits as a result of our expanded leased office space. The non-current portion of our other receivables and prepayments decreased from RMB15.8 million as of March 31, 2022 to RMB11.6 million as of September 30, 2022, attributable primarily to the decrease in prepayment for property, plant and equipment of RMB4.5 million.

As of the Latest Practicable Date, RMB16.5 million, or 40.2% of our prepayment and other receivables outstanding as of September 30, 2022 had been subsequently settled.

Property, Plant and Equipment

Our property and equipment consists primarily of electronic equipment, leasehold improvement and furniture, fittings and equipment. The following table sets forth a breakdown of our property and equipment as of the dates indicated:

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Electronic equipment	20,912	29,316	35,199	54,936	74,394
Leasehold improvement	14,975	19,775	20,008	30,050	43,289
Furniture and office equipment	4,594	5,453	5,096	4,804	4,999
Less: Accumulated depreciation	(20,561)	(33,814)	(44,535)	(55,000)	(65,537)
Total	**19,920**	**20,730**	**15,768**	**34,790**	**57,145**

The gross book value of our property and equipment amounted to RMB40.5 million, RMB54.5 million, RMB60.3 million, RMB89.8 million and RMB122.7 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. The increase in the gross book value of our property and equipment over time was primarily due to the acquisition of electronic equipment and addition of leasehold improvement to support our continuous business growth.

Accumulated depreciation with respect to our property and equipment was RMB20.6 million, RMB33.8 million, RMB44.5 million, RMB55.0 million and RMB65.5 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. The increase in accumulated depreciation over time was generally in line with the increase in the gross book value of our property and equipment.

Right-of-Use Assets

Our right-of-use assets relate primarily to the leases of our office space. We recorded right-of-use assets of RMB50.9 million, RMB30.3 million, RMB26.6 million, RMB78.4 million and RMB68.3 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. The movement in the amount of our right-of-use assets throughout the Track Record Period was primarily because we adjusted our leased office space from time to time, catering to the changing size of our workforce and our evolving business needs.

Trade Payables

Our trade payables represent unpaid liabilities for products and services provided to us by our suppliers, which were primarily cloud computing and server custody services during the Track Record Period, prior to the end of each fiscal year or period. Trade payables are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method.

Our trade payables amounted to RMB1.9 million, RMB2.7 million, RMB1.2 million, RMB4.7 million and RMB9.7 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. The movement in the amount of our trade payables during the Track Record Period was primarily because we settled our payment with the suppliers from time to time based on the schedule as provided in the supply agreements.

The following table sets forth the turnover days of our trade payables for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,
	2019	2020	2021	2022	2022
Trade payables turnover days[(1)]	3.5	4.5	3.8	3.8	8.2

Note:

(1) Trade payables turnover days are based on the average balance of trade payables divided by cost of revenues for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The numbers of days for the fiscal years ended March 31 and the six months ended September 30 are 365 days and 183 days, respectively.

The following table sets forth the aging analysis of our trade payables as of the dates indicated.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Up to 6 months	1,837	2,648	1,172	4,703	9,709
6 months to 1 year	12	5	—	—	—
1 to 2 years	30	10	—	—	—
	1,879	**2,663**	**1,172**	**4,703**	**9,709**

As of the Latest Practicable Date, RMB9.7 million, or 100.0% of our trade payables outstanding as of September 30, 2022 had been subsequently settled.

Other Payables and Accruals

Other payables and accruals consist primarily of (i) payable for share repurchase, representing the Onshore Holdco's obligation to pay one of its investors an amount equal to the exercise price of the warrant issued by us to the investor as part of the Reorganization to acquire our Preferred Shares, as detailed in "—Warrant Liability" below, (ii) salary and welfare payable, representing salary and benefits payable to our employees and social insurance and housing provident fund contributions to be made for our employees, (iii) accrued for other taxes, (iv) accrued service and goods, (v) accrued **[REDACTED]**, (vi) accrued staff reimbursement, and (vii) others.

The following table sets forth our other payables and accruals as of the dates indicated.

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Payable for share repurchase	100,000	100,000	—	—	—
Salary and welfare payable	32,348	76,613	134,267	149,226	129,956
Accrued for other taxes	9,233	18,078	31,268	42,493	35,771
Accrued service and goods	4,633	5,848	1,363	4,888	3,623
Accrued **[REDACTED]**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued staff reimbursement	1,032	1,827	2,606	2,450	628
Others	586	1,551	1,972	497	653
Total	**147,832**	**203,917**	**171,476**	**202,210**	**175,345**

Our other payables and accruals increased from RMB147.8 million as of March 31, 2019 to RMB203.9 million as of March 31, 2020, primarily due to the increased salary and welfare payable as a result of our expanded headcount. Our other payables and accruals decreased from RMB203.9 million as of March 31, 2020 to RMB171.5 million as of March 31, 2021, primarily due to the decreased payable for share repurchase as we settled the payment with the investor in June 2020 after the investor exercised its warrant in full to acquire our Preferred Shares. Our other payables and accruals increased from RMB171.5 million as of March 31, 2021 to RMB202.2 million as of March 31, 2022, primarily due to an RMB15.0 million increase in salary and welfare payable, and an RMB11.2 million increase in accrued for other taxes, both of which were attributable primarily to the expanded employee headcount. Our other payables and accruals decreased from RMB202.2 million as of March 31, 2022 to RMB175.3 million as of September 30, 2022, primarily due to an RMB19.3 million decrease in salary and welfare payable as we settled employees' annual bonuses over the period.

Contract Liabilities

As we typically charge customers upfront for our cloud-based HCM solutions and professional services they purchase, our contract liabilities primarily represent payments received in advance of revenue recognition in relation to customers' subscriptions to our cloud-based HCM solutions and purchases of our professional services. Our contract liabilities are recognized as revenues upon transfer of control to our customers of the promised HCM solutions and services, and the recognition of contract liabilities does not involve any cash outflow.

Our contract liabilities increased from RMB210.7 million as of March 31, 2019 to RMB286.0 million as of March 31, 2020, and RMB381.1 million as of March 31, 2021, and further to RMB420.7 million as of March 31, 2022. The increase of our contract liabilities over these three fiscal years was generally in line with our overall business expansion during these periods. Our contract liabilities decreased from RMB420.7 million as of March 31, 2022 to RMB409.2 million as of September 30, 2022, mainly due to revenue recognition.

As of February 28, 2023, RMB200.3 million, or 48.9% of our contract liabilities as of September 30, 2022 had been subsequently recognized as revenues.

Lease Liabilities

Our lease liabilities represent the present value of outstanding lease payments under our lease agreements.

The following table sets forth our lease liabilities as of the dates indicated:

	As of March 31,				As of September 30,	As of January 31,
	2019	2020	2021	2022	2022	2023
						(Unaudited)
	(RMB in thousands)					
Current	29,237	21,219	23,237	37,128	35,254	31,536
Non-current	20,256	7,129	962	39,399	32,350	23,912
	49,493	**28,348**	**24,199**	**76,527**	**67,604**	**55,448**

The carrying amount of our lease liabilities decreased from RMB49.5 million as of March 31, 2019 to RMB28.3 million as of March 31, 2020 and RMB24.2 million as of March 31, 2021, and further to RMB76.5 million as of March 31, 2022, primarily due to the lease payments that we had made over the periods. The carrying amount of our lease liabilities amounted to RMB67.6 million and RMB55.4 million as of September 30, 2022 and January 31, 2023, respectively.

Redeemable Convertible Preferred Shares

Our redeemable convertible preferred shares primarily represent the equity investment made by certain **[REDACTED]** Investors as such **[REDACTED]** investors were granted the right to require our Company to redeem all or a portion of the **[REDACTED]** Preferred Shares they held if the **[REDACTED]** is not consummated within a certain period. As of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, we recorded redeemable convertible preferred shares of RMB1,797.4 million, RMB2,800.5 million, RMB3,558.2 million, RMB6,610.9 million and RMB7,403.5 million, respectively. Upon **[REDACTED]** and the conversion of such redeemable convertible preferred shares into our Shares, such liability will be derecognized and accounted for as an increase in share capital and share premium.

For details, see "History, Reorganization and Corporate Structure – **[REDACTED]** Investments," and Note 31 to the Accountant's Report in Appendix I to this Document.

Warrant Liability

As part of the Reorganization, we issued warrants to certain existing investors of our Group, which permit such investors to acquire our Preferred Shares. Our warrant liability amounted to RMB57.1 million, RMB114.6 million, nil, nil and nil as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively. We recorded warrant liability as of March 31, 2020 in relation to the warrants held by Beis Investment (BVI) Ltd., one of such existing investors. Our warrant liability had vanished as of March 31, 2021 after Beis Investment (BVI) Ltd. had exercised its warrants in full to acquire our Preferred Shares. Warrants issued to all other investors were exercised shortly after issuance so no warrant liability was recorded with respect to the warrants held by these investors during the Track Record Period. For details, see Note 32 to the Accountant's Report in Appendix I to this Document.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from our business operations and shareholder equity contributions. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations, the net **[REDACTED]** from the **[REDACTED]**, and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB257.4 million, RMB191.3 million, RMB215.1 million, RMB288.7 million and RMB78.9 million as of March 31, 2019, 2020, 2021 and 2022 and September 30, 2022, respectively.

Cash Flow Analysis

The following table sets forth our cash flows for the periods indicated:

	For the year ended March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
	(RMB in thousands)					
Operating cash flows before movements in working capital	(141,723)	(188,230)	(110,872)	(206,757)	(96,989)	(146,544)
Change in working capital	60,570	116,639	146,127	45,506	(40,636)	(40,544)
Interest received	779	8,157	4,620	7,863	1,623	2,800
Interest paid	(1,992)	(2,094)	(1,378)	(2,628)	(1,102)	(1,856)
Income tax paid	(1,008)	—	—	(22)	—	—
Net cash (outflow) / inflow from operating activities	(83,374)	(65,528)	38,497	(156,038)	(137,104)	(186,144)
Net cash (outflow) / inflow from investing activities	(231,304)	29,432	21,912	(1,272,675)	(830,914)	(9,033)
Net cash inflow / (outflow) from financing activities	479,010	(33,555)	(29,165)	1,514,726	1,539,777	(19,260)
Net (decrease) / increase in cash and cash equivalents	**164,332**	**(69,651)**	**31,244**	**86,013**	**571,759**	**(214,437)**
Cash and cash equivalents at the beginning of the fiscal year/period	106,604	257,351	191,337	215,074	215,074	288,706
Effects of exchange rate changes on cash and cash equivalents	(13,585)	3,637	(7,507)	(12,381)	(26,818)	4,650
Cash and cash equivalent at end of the year/period	**257,351**	**191,337**	**215,074**	**288,706**	**760,015**	**78,919**

Net Cash (Outflow) / Inflow from Operating Activities

We recorded net cash outflow from operating activities of RMB83.4 million, RMB65.5 million, RMB156.0 million and RMB186.1 million for the fiscal years ended March 31, 2019, 2020 and 2022 and the six months ended September 30, 2022, respectively, which were attributable primarily to our operating loss for the same periods. We briefly recorded net cash inflow from operating activities of RMB38.5 million for the fiscal year ended March 31, 2021. This was primarily due to our narrowed operating loss during the same year as a result of (i) our efforts to optimize our internal organizational structure and headcount, and to a lesser extent, (ii) the reduction in the amount of social insurance contributions for our operation and product support staff due to the PRC government's relief policies in response to the COVID-19 pandemic. Since we operate a subscription-based SaaS business model, we have invested heavily in customer acquisition and engagement and product development and innovations to drive market acceptance of our solutions and rapidly ramp up our business presence. While these investments typically would not translate into immediate financial returns and have in part contributed to our historical operating loss positions, we believe that they are indispensable to achieving our current scale and market leadership, as well as long-term path to profitability.

Net cash outflow from operating activities for the six months ended September 30, 2022 was RMB186.1 million, which consisted primarily of loss before income tax expenses of RMB167.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include net fair value gains on financial assets measured at fair value through profit or loss of RMB21.2 million, depreciation of right-of-use assets of RMB20.3 million and depreciation and amortization of RMB11.1 million. The amount was further adjusted by changes in working capital, primarily including (i) decrease in salary and welfare payable of RMB19.1 million as we settled employees' annual bonuses, and (ii) decrease in contract liabilities of RMB11.5 million, mainly due to revenue recognition.

Net cash outflow from operating activities for the fiscal year ended March 31, 2022 was RMB156.0 million, which consisted primarily of loss before income tax expenses of RMB1,921.6 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include changes in fair value of redeemable convertible preferred shares of RMB1,638.2 million, and share-based payments expenses of RMB107.0 million. The amount was further adjusted by changes in working capital, primarily including increase in contract liabilities of RMB54.6 million, which was generally in line with our overall business expansion.

Net cash inflow from operating activities for the fiscal year of 2021 was RMB38.5 million, which consisted primarily of loss before income tax expenses of RMB923.4 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include changes in fair value of convertible redeemable preferred shares of RMB752.8 million, share-based payments expenses of RMB33.5 million, and depreciation of right-of-use assets of RMB28.8 million. The amount was further adjusted by changes in working capital, primarily including (a) increase in contract liabilities of RMB95.0 million, which was generally in line with our overall business expansion, and (b) increase in salary and welfare payable of RMB57.4 million, attributable primarily to our expanded headcount.

Net cash outflow from operating activities for the fiscal year of 2020 was RMB65.5 million, which consisted primarily of loss before income tax expenses of RMB1,252.3 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include changes in fair value of convertible redeemable preferred shares of RMB883.4 million, share-based payments of RMB77.9 million, and depreciation of right-of-use assets of RMB32.0 million. The amount was further adjusted by changes in working capital, primarily including (a) increase in contract liabilities of RMB75.3 million, which was generally in line with our overall business expansion, and (b) increase in salary and welfare payable of RMB42.4 million, attributable primarily to the our expanded headcount.

Net cash outflow from operating activities for the fiscal year of 2019 was RMB83.4 million, which consisted primarily of loss before income tax expenses of RMB691.9 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include changes in fair value of convertible redeemable preferred shares of RMB317.7 million and losses from financial instruments issued to investors of RMB111.5 million. The amount was further adjusted by changes in working capital, including (a) increase in contract liabilities of RMB53.1 million, which was generally in line with our overall business expansion, and (b) increase in salary and welfare payable of RMB12.1 million, attributable primarily to our expanded headcount.

We seek to improve our net cash outflow position by continuously driving revenue growth and improving cost management. In particular, we intend to take steps to improve our operational efficiency in various aspects of our daily operations, including continuing to manage and control:

- cost of revenues by, among other things, (i) streamlining and optimizing implementation process such that we can assign more junior engineers with lower labor costs to execute implementation tasks, (ii) continuing to improve the capacity of our servers and reduce the associated costs through server leasing, and (iii) enhancing our PaaS capabilities and opening our PaaS infrastructure to more customers, thereby optimizing costs associated with our professional services.
- selling and marketing expenses by, among other things, (i) optimizing the performance evaluation system for our sales force to focus more on profitability, (ii) continuing to improve the efficiency of our sales and marketing activities through optimizing our advertising channel mix, and (iii) exploring the potential to collaborate with channel partners across China.
- research and development expenses by, among other things, (i) continuing to optimize our product development planning and process to lower costs, and (ii) optimizing the team structure of our research and development team.
- general and administrative expenses as we ramp up our presence outside of China's tier 1 cities, where rent for new office space will be substantially lower.

For a detailed discussion of the underlying reasons for our losses historically, and the specific measures to achieve our long-term profitability, see "Business—Business Sustainability."

Net Cash Inflow / (Outflow) from Investing Activities

Net cash outflow from investing activities for the six months ended September 30, 2022 was RMB9.0 million, which consisted primarily of (i) proceeds from disposal of financial assets at fair value through profit and loss of RMB1,805.3 million, and (ii) proceeds from maturities of term deposits of RMB522.7 million, partially offset by (a) payments for financial assets at fair value through profit or loss of RMB1,793.0 million, and (b) purchase of term deposits of RMB510.5 million.

Net cash outflow from investing activities for the fiscal year of 2022 was RMB1,272.7 million, which consisted primarily of (i) payments for financial assets at fair value through profit or loss of RMB2,253.0 million, and (ii) purchase of term deposits of RMB1,024.8 million, partially offset by (a) proceeds from disposal of financial assets at fair value through profit or loss of RMB1,114.1 million and (b) proceeds from maturities of term deposits of RMB920.7 million.

Net cash inflow from investing activities for the fiscal year of 2021 was RMB21.9 million, which consisted primarily of (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB1,029.8 million, and (ii) proceeds from maturities of term deposits of RMB83.7 million, partially offset by (a) payments for financial assets at fair value through profit or loss of RMB970.0 million, and (b) purchase of term deposits of RMB103.6 million.

Net cash inflow from investing activities for the fiscal year of 2020 was RMB29.4 million, which consisted primarily of (i) proceeds from maturities of term deposits of RMB296.6 million, and (ii) proceeds from disposal of financial assets at fair value through profit or loss of RMB270.8 million, partially offset by (a) payments for financial assets at fair value through profit or loss of RMB434.0 million, and (b) purchase of term deposits of RMB90.9 million.

Net cash outflow from investing activities for the fiscal year of 2019 was RMB231.3 million, which consisted primarily of (i) purchase of term deposits of RMB289.7 million, and (ii) payments for financial assets at fair value through profit or loss of RMB112.9 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB197.1 million.

Net Cash (Outflow) / Inflow from Financing Activities

Net cash outflow from financing activities for the six months ended September 30, 2022 was RMB19.3 million, which was contributed by the principal elements of lease payments.

Net cash inflow from financing activities for the fiscal year of 2022 was RMB1,514.7 million, which consisted primarily of proceeds from issuance of redeemable convertible preferred shares of RMB1,701.0 million, partially offset by payment for shares repurchase of RMB146.4 million. Both of the proceeds from issuance of redeemable convertible preferred shares and payment for shares repurchase were relating to our Series F financing.

Net cash outflow from financing activities for the fiscal year of 2021 was RMB29.2 million, which was contributed by the principal elements of lease payments.

Net cash outflow from financing activities for the fiscal year of 2020 was RMB33.6 million, which was contributed by the principal elements of lease payments.

Net cash inflow from financing activities for the fiscal year of 2019 was RMB479.0 million, which consisted primarily of proceeds from issuance of redeemable convertible preferred shares of RMB503.0 million relating to our Series E financing, partially offset by principal elements of lease payments of RMB23.4 million.

INDEBTEDNESS

The following table sets out our indebtedness as of the dates indicated:

	As of March 31,				As of September 30,	As of January 31,
	2019	2020	2021	2022	2022	2023
						(Unaudited)
	(RMB in thousands)					
Current						
Lease liabilities	29,237	21,219	23,237	37,128	35,254	31,536
Redeemable convertible preferred shares	—	—	3,558,177	—	—	—
Non-current						
Lease liabilities	20,256	7,129	962	39,399	32,350	23,912
Redeemable convertible preferred shares	1,797,425	2,800,457	—	6,610,924	7,403,472	9,071,589
Total	1,846,918	2,828,805	3,582,376	6,687,451	7,471,076	9,127,037

Banking Facilities

We have historically obtained banking facilities from reputable commercial banks in China to be used for working capital and other general corporate purposes. As of the Latest Practicable Date, we had unutilized banking facilities of RMB40.0 million.

Lease Liabilities

For details of our lease liabilities, see "—Discussion of Certain Key Balance Sheet Items—Lease Liabilities."

Preferred Shares

We have historically issued several series of redeemable convertible preferred shares, consisting of Series A, B, B-1, C, D, E and F Preferred Shares, to investors. Upon the completion of the **[REDACTED]**, all of such preferred shares will be automatically converted into ordinary shares. Additionally, the foregoing investors have the right to require us to redeem such preferred shares if the **[REDACTED]** is not consummated on or prior to a certain date or upon the occurrence of some specified events. For the identity and background of the foregoing investors, see "History, Reorganization and Corporate Structure—**[REDACTED]** Investments—Information about Our Major **[REDACTED]** Investors."

If we were to be required to redeem all such preferred shares, the aggregate redemption price shall be the sum of the aggregate consideration for the issuance of such preferred shares, plus applicable interest accrued thereon. For more information about the terms of such preferred shares, including their conversion and redemption features, see Note 31 to the Accountant's Report set out in Appendix I to this Document. Balance of such redeemable convertible preferred shares as of September 30, 2022 equals to RMB7,403.5 million. As of the Latest Practicable Date, we had a total 46,975,085 of outstanding Series A Preferred Shares, Series B Preferred Shares, Series B-1 Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares.

The redemption of the Preferred Shares, if triggered, could have a negative impact on our cash and liquidity position and financial condition. See "Risk Factors—Fair value changes in redeemable convertible preferred shares issued to **[REDACTED]** investors and related valuation uncertainty may materially affect our financial condition and results of operations."

Except as disclosed above, as of January 31, 2023, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since January 31, 2023 and up to the Latest Practicable Date.

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the year ended/As of March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
Total revenue growth (%)	N/A	19.9	21.3	22.2	27.7	12.1
Cloud-based HCM solutions	N/A	24.1	34.5	32.8	32.5	20.9
Professional services	N/A	14.9	4.1	4.3	18.8	(5.6)
Gross margin (%)	60.6	59.8	66.4	58.9	60.4	54.0
Cloud-based HCM solutions	80.1	77.4	80.6	76.6	78.3	74.8
Professional services	37.0	36.9	42.6	21.0	24.0	(0.1)
Adjusted net loss margin (non-IFRS measure) (%)(1)	(72.8)	(54.9)	(21.8)	(24.1)	(25.6)	(43.4)

Note:

(1) Calculated using adjusted net loss (non-IFRS measure) divided by revenues for a given period.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included purchase of property and equipment and intangible assets. The following table sets forth our capital expenditures for the periods indicated.

	For the year ended March 31,				For the six months ended September 30,	
	2019	2020	2021	2022	2021	2022
					(Unaudited)	
	(RMB in thousands)					
Payments for property, plant and equipment	20,143	17,654	10,705	42,215	15,066	34,141
Payments for intangible assets	82	602	—	7	—	—
Total	**20,225**	**18,256**	**10,705**	**42,222**	**15,066**	**34,141**

CONTRACTUAL OBLIGATIONS

Capital Commitments

We mainly have capital commitments with respect to purchase of fixed assets and office renovation. Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities were as follows:

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Within 1 year	2,462	1,703	880	10,885	1,410

Operating Lease Commitments

We lease certain offices under non-cancellable operating lease arrangements with lease terms less than one year, which can be exempted from IFRS 16. Our future aggregate minimum lease payments for such short-term non-cancellable operating leases were as follows:

	As of March 31,				As of September 30,
	2019	2020	2021	2022	2022
	(RMB in thousands)				
Within 1 year	5,879	1,732	238	1,118	1,013

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. As part of our Reorganization, we issued a warrant to Gongqingcheng Yuanxi, one of our shareholders, to acquire our Preferred Shares with exercise price equal to its original investment in our Onshore Holdco, and our Onshore Holdco also had an obligation to pay Gongqingcheng Yuanxi such amount. These transactions were completed in June 2020. As of March 31, 2019, 2020, 2021 and 2022 and six months ended September 30, 2022, balances with such related party were RMB100.0 million, RMB100 million, nil, nil and nil, respectively. During the Track Record Period, we also paid compensation to our key management members, including executive directors and other members of our Company's senior management team, who are considered as related parties of our Company. Compensation are payable to these key management members amounted to RMB10.6 million, RMB11.3 million, RMB12.4 million, RMB15.0 million and RMB2.8 million in the fiscal year ended March 31, 2019, 2020, 2021 and 2022 and six months ended September 30, 2022, respectively. In the fiscal year ended March 31, 2019, we entered into transactions with certain related parties in a total amount of approximately RMB2.2 million. For details of our historical related party transactions, see Note 36, "Related party transactions," to the Accountant's Report included in Appendix I to this Document. Other than the above, we did not have any related party transactions during the Track Record Period.

Our Directors are of the view that each of these related party transactions was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Material Subsequent Events

There were no other material subsequent events that took place after September 30, 2022.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Risk management is carried out under policies approved by our Board. The management identifies and evaluates financial risks in close co-operation with our operating units.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of any entity within our Group. Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which we conduct business may affect our consolidated financial position and consolidated statement of comprehensive loss.

For the year ended March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2021, the foreign currency assets and liabilities of our entities are mainly PRC entities' cash and cash equivalents denominated in USD, and Beisen HK's intra-group loan receivables due from a subsidiary, Sendou Shanghai, located in mainland China which were denominated in RMB. The foreign exchange risk we are facing mainly comes from movements in the USD/RMB. During the six months ended September 30, 2022, we have determined that it will not settle the intra-group loans provided by Beisen HK to Sendou Shanghai as we planned to use all the amounts in the PRC operation. Thus, the intra-group loans have been designated as being part of Beisen HK's net investment in the subsidiary, Sendou Shanghai, and the exchange difference amounting to approximately RMB134,021,000 that arises subsequently to the designation is recognized in other comprehensive income on consolidation. Therefore, we did not record any exchange gains/(losses) in relation to the intra-group loans from Beisen HK to Sendou Shanghai in the six months ended September 30, 2022. During the Track Record Period, we did not have any derivative financial instrument for which hedging accounting was applied.

For our subsidiaries in mainland China whose functional currency is Renminbi, if U.S. dollars had strengthened/weakened by 5% against Renminbi with all other variables held constant, loss before income tax for the year would have been approximately RMB6.4 million lower/higher, RMB5.0 million, RMB4.9 million and RMB4.7 million higher/lower for the years ended March 31, 2019, 2020 and 2021 and the six months ended September 30, 2021, respectively, and RMB19,000 and RMB20,000 lower/higher for the year ended March 31, 2022 and the six months ended September 30, 2022, as a result of net foreign exchange gains or losses on translation of net monetary assets denominated in U.S. dollars, regardless of the foreign exchange forward contracts.

For our subsidiary outside mainland China whose functional currency is U.S. dollars, if Renminbi had strengthened/weakened by 5% against U.S. dollars with all other variables held constant, loss before income tax for the year would have been approximately nil, RMB10.7 million, RMB14.8 million, RMB59.2 million, RMB37.6 million and RMB39,000 lower/higher for the years ended March 31, 2019, 2020, 2021 and 2022 and the six months ended September 30, 2021 and 2022, respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets dominated in Renminbi, regardless of the foreign exchange forward contracts.

We entered into foreign currency forwards in relation to projected purchases that do not satisfy the requirements for hedge accounting (economic hedges). During the Track Record Period, we did not have any derivative financial instrument for which hedging accounting was applied.

Credit Risk

We are exposed to credit risk primarily in relation to its cash and cash equivalents, restricted cash, term deposits as well as trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

(i) Credit risk of cash and cash equivalents, restricted cash and term deposits

To manage risk arising from cash and cash equivalents, restricted cash and term deposits, we only transact with stated-owned financial institutions in the PRC or reputable banks and financial institutions having high-credit-quality in the PRC, Hong Kong and the United States of America. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

(ii) Credit risk of trade receivables, other receivable and contract assets

We have policies in place to ensure that trade receivables with credit terms are made to counterparties with an appropriate credit history and our management performs ongoing credit evaluations of the counterparties. For other receivables, we make periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The main exposure to credit risk at each of the reporting dates is the carrying value of our trade receivables and contract assets.

For other receivables, our management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Impairment on other receivables is measured as twelve-month expected credit losses since our Directors believe that there has been no significant increase in credit risk since initial recognition. The movements of expected credit losses are presented in Note 3.1 to the Accountant's Report included in Appendix I to this Document.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with us. Where financial assets and contracts have been written off, we continue to engage in activities to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we regularly monitor our liquidity risk and maintain adequate cash and cash equivalents to meet our liquidity requirements.

The following table shows the remaining contractual maturities (or the earliest date a financial liability may become payable in the absence of a fixed maturity date) at the balance sheet date of our financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of March 31, 2019					
Trade payables	1,879	—	—	—	1,879
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	106,060	—	—	—	106,060
Lease liabilities	30,915	17,794	4,162	—	52,871
	138,854	**17,794**	**4,162**	**—**	**160,810**
As of March 31, 2020					
Trade payables	2,663	—	—	—	2,663
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	108,496	—	—	—	108,496
Lease liabilities	21,987	8,422	—	—	30,409
	133,146	**8,422**	**—**	**—**	**141,568**
As of March 31, 2021					
Trade payables	1,172	—	—	—	1,172
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	4,606	—	—	—	4,606
Lease liabilities	23,930	4,695	2,233	—	30,858
	29,708	**4,695**	**2,233**	**—**	**36,636**
As of March 31, 2022					
Trade payables	4,703	—	—	—	4,703
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	10,491	—	—	—	10,491
Lease liabilities	39,736	30,711	15,568	—	86,015
	54,930	**30,711**	**15,568**	**—**	**101,209**
As of September 30, 2022					
Trade payables	9,709	—	—	—	9,709
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	7,696	—	—	—	7,696
Lease liabilities	37,724	29,054	4,759	—	71,537
	55,129	**29,054**	**4,759**	**—**	**88,942**

As of March 31, 2019, 2020, 2022 and September 30, 2022, redeemable convertible preferred shares were classified as a non-current liability, whereas as of March 31, 2021, redeemable convertible preferred shares were classified as current liability, because the shareholder of such redeemable convertible preferred shares can demand us to redeem their preferred shares within 12 months as of March 31, 2021, while they cannot demand us to redeem their preferred shares within 12 months for the other presented balance sheet dates.

The maximum exposure of the redemption of redeemable convertible preferred shares is the contractual redemption price, which is equal to 100% of the issue price of the respective redeemable convertible preferred shares plus interests calculated using respective interest rate during the period from the issuance of the redeemable convertible preferred shares until the date on which the redemption price is paid in full, and plus any declared but unpaid dividends if a redemption event occurs as described in Note 31 to the Accountant's Report included in Appendix I to this Document. We recognize the redeemable convertible preferred shares at fair value through profit or loss. Accordingly, redeemable convertible preferred shares are managed on a fair value basis rather than by maturing dates.

DIVIDENDS

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. Throughout the Track Record Period, we did not pay or declare any dividend. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account our available cash and cash equivalents, financial assets at fair value through profit or loss (short-term), term deposits (short-term), restricted cash (short-term) and the estimated net **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of September 30, 2022, the Company did not have any distributable reserves.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include (i) **[REDACTED]** expenses, such as **[REDACTED]** fees and **[REDACTED]**, and (ii) **[REDACTED]** expenses, comprising professional fees paid to our legal advisors and Reporting Accountant for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** expenses (based on the mid-point of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, accounting for approximately of **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]** expenses, we expect to pay **[REDACTED]** expenses of HK$**[REDACTED]** million, professional fees paid to our legal advisors and Reporting Accountant of HK$[43] million and other fees and expenses of HK$[30] million. An estimated amount of HK$**[REDACTED]** for our **[REDACTED]** expenses, accounting for approximately **[REDACTED]** % of our gross **[REDACTED]**, is expected to be expensed through the statement of profit or loss and the remaining amount of HK$**[REDACTED]** is expected to be recognized directly as a deduction from equity upon **[REDACTED]**. We did not record any **[REDACTED]** expenses for the fiscal years ended March 31, 2019, 2020 and 2021. For the fiscal year ended March 31, 2022 and the six months ended September 30, 2022, we recorded **[REDACTED]** expenses (excluding **[REDACTED]** expenses) of RMB19.7 million and RMB6.4 million, respectively. Our Directors do not expect such expenses to have a material and adverse impact on our financial results for the fiscal year ending March 31, 2023.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since September 30, 2022, being the latest period reported on in the Accountant's Report, and there has been no event since September 30, 2022 that would materially affect the information shown in the Accountant's Report set out in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.