Beisen Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9669)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The Board hereby announces the consolidated annual results of the Group for the year ended 31 March 2023 together with the comparative figures for the year ended 31 March 2022. The consolidated annual results of the Group for the Reporting Period have been audited by the Company's auditor and reviewed by the Audit Committee.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, charts or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

Overall Financial Data

Revenue was RMB750.9 million for the year ended 31 March 2023, representing a year-on-year increase of 10.5%.

Net loss was RMB2,599.0 million for the year ended 31 March 2023, representing a year-on-year increase of 36.2%.

Adjusted net loss was RMB300.6 million for the year ended 31 March 2023, representing a year-on-year increase of 83.7%.

Cloud-based HCM Solutions

Revenue generated from subscriptions to our cloud-based HCM solutions was RMB537.3 million for the year ended 31 March 2023, representing a year-on-year increase of 15.9% and accounting for 71.5% of the total revenue.

Professional Services

Revenue generated from our professional services was RMB213.7 million for the year ended 31 March 2023, representing a year-on-year decrease of 1.2% and accounting for 28.5% of the total revenue.

Investment in Research and Development

Investment in research and development was RMB303.3 million for the year ended 31 March 2023, representing a year-on-year increase of 17.4%.

Contract Liabilities

Contract liabilities was RMB499.4 million for the year ended 31 March 2023, representing a year-on-year increase of 18.7%.

BUSINESS REVIEW AND OUTLOOK

Industry Review

In 2022, the cloud-based HCM solutions industry in China experienced steady growth driven by several key factors. Technological advancements played a crucial role, as enterprises recognized the imperative of embracing digital transformation. With an increased awareness of the benefits of digitization, enterprises actively sought efficient and scalable HCM solutions to optimize their HR functions. As enterprises continued to prioritize enhancing operational efficiency and driving productivity, cloud-based HCM solutions have emerged as vital tools. Furthermore, cloud-based HCM solutions offered by leading local players in China have gained immense and continuously growing popularity among enterprises. These solutions are sought after because they demonstrate a deep understanding of enterprises' pain points and effectively addressed their business needs. The market's robust momentum was further fueled by the integration of AI and other cutting-edge technologies, which provided advanced features and capabilities to enhance the overall HCM experience.

The cloud-based HCM solutions market in China remains relatively fragmented. Out of the more than 500 participants in China's HCM digitalization market in 2022, our Group stands out as the sole integrated cloud-based HCM solutions provider covering all major HCM use cases across the entire employment lifecycle. Moreover, we are the only cloud-based HCM solutions provider in China that has successfully built a unified and open PaaS infrastructure, enabling us to offer comprehensive and integrated solutions across functions. We were the top-ranking company in China's HCM SaaS market in terms of market share for the seven years in a row, and we had a market share of 12.9% in 2022. In sub-market level, we were also the top-ranking company in China's core HCM market and performance management in terms of market share in 2022, and in recruitment management in terms of market share in the second half of 2022.[1] With the strong advocacy and support for the digital economy in China's 14th Five-Year Plan, the cloud-based HCM solutions sector is expected to experience robust development, and our business is positioned to gradually pick up, benefiting from the improvement in market supply and demand dynamics.

Business Review

Our offerings feature a wide array of (i) cloud-based HCM solutions, and (ii) professional services. Through our holistic portfolio of solutions and services, we provide a one-stop solution to our customers, covering the full spectrum of use cases throughout the employee lifecycle.

Cloud-based HCM Solutions

We offer a comprehensive suite of cloud-native, standardized HCM solutions covering a variety of customers' use cases across the entire employee lifecycle, from recruitment to departure and retirement, enabling our customers to effectively recruit, evaluate, manage, develop and retain talents. We enable customers to embrace technology innovations and changes in their operating environments through our rapid product iteration cycle with software updates for each HCM solution launched on a weekly basis. Through this broad yet growing selection of adaptable and accessible HCM solutions, we are leading the way in helping organizations intelligize and optimize their human resources management.

Our main HCM solutions include:

- ***Recruitment Cloud***, a technology-enabled talent recruitment application, designed to help the human resources functions within organizations intelligize and streamline the recruitment process.

Note:

1. *Source: China Human Capital Management (HCM) SaaS Market Tracking Research Report 2022H1 and China Human Capital Management (HCM) SaaS Market Tracking Research Report 2022H2 released by International Data Corporation (IDC)*

- ***Assessment Cloud***, a software application designed to help customers comprehensively evaluate current and prospective employees, from their skill sets, capabilities to growth potential.

- ***Core HCM Solutions***, a one-stop solution that integrates seamlessly ***Human Resources Cloud***, ***Payroll Could*** and ***Attendance Management Cloud*** (which customers also have the option to purchase on a standalone basis), catering to organizations' core human capital management needs from new hire onboarding to everyday staffing management, and from employee payroll administration to more sophisticated organization-wide initiatives, such as organizational structure modeling.

- ***Performance Management Cloud***, a software application allowing customers to align employee goals to and continually track progress against high-level strategies of the organization.

- ***Succession Cloud***, a software application that provides real-time visibility into customers' talent pipeline and potential successors within their existing workforce from senior executives to individual contributors.

- ***E-learning Cloud***, an online learning and training management platform designed for enterprise customers, supporting key use cases such as online courses, learning plans, online exams and training management.

- ***People Analytics Solutions***, that is built upon the effective integration and information exchange across our different HCM solutions to allow organizations to break information silos and convert unstructured data into actionable insights.

Our HCM solutions are able to cater to the common HCM needs shared by customers across different industries, while addressing the pain points of customers in a particular industry segment.

We offer our cloud-based HCM solutions to customers pursuant to subscription agreements, typically with a term of one year with renewal options. From time to time, we also enter into long-term subscription agreements with a term of three years with a small number of customers operating in a variety of industries with different business scales in order to cater to their specific business needs.

We charge our customers subscription fees for (i) unlimited access to, or (ii) limited number of usage of, our cloud-based HCM solutions over the contract term. Under either of these two subscription models, subscription fees for our solutions are charged based on the size of their workforce and the specific solution the customer subscribes for. Specifically, we generally determine the unit price for a particular HCM solution by taking account of factors including market condition, targeted customers' willingness to pay, competitors' pricing strategies, and our growth strategies at any specific stage of development. We price our different HCM solutions at varied unit prices, depending on the time and cost we have devoted in developing a particular solution, major use cases of the solution and our sales and marketing strategies for the solutions, among other factors. We permit managers of our regional sales teams to offer more favorable pricing terms within a reasonable range to valuable customers of strategic significance, such as market leaders that may drive subscriptions to our solutions within an industry vertical, to build long-standing relationships and create up-selling and cross-selling opportunities. Customers typically are invoiced on signing and shall pay upfront before we deliver our HCM solutions.

Professional Services

We provide customers with a selection of paid professional services, primarily including implementation services that are necessary to get the solutions up and running, and value-added services to offer bespoke customer experience. In the Reporting Period, we generated revenues of approximately RMB213.7 million from our professional services, respectively, accounting for 28.5% of our total revenues during the same year.

We offer implementation services to new subscriptions to maximize the value propositions of our HCM solutions. Through our implementation services, we assist customers with configuration and testing of our solutions, ensuring effective integration with and smooth ongoing operation on customers' existing systems. In addition to implementation services, we offer a variety of value-added services, such as workforce optimization advisory services, customized product development services and PaaS-related services, catering to customers' specific HCM needs.

Except for PaaS-related services that we offer to our customers free of charge currently, 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.

We strategically focus on serving medium-to-large sized enterprises as we believe our success lies in a high quality and loyal customer base. Our customer base included over 5,100 players across various large-scale and fast-growing industries as of 31 March 2023, 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 31 March 2023.

We believe that our relentless focus on customer satisfaction and long-term success has significantly contributed to our vast and loyal customer base, and business growth in general. We continue to monitor customer satisfaction and success throughout the entire customer lifecycle, including during the transition from sales to implementation, and based on interactions with our customer-facing teams. In our latest customer survey in March 2023, we reported an NPS, a customer loyalty metric, of 31.3%.

Future and Outlook

We are committed to enhancing business presence, increasing brand awareness and achieving economies of scale. We aim to attract new customers, retain existing ones, and optimize customer lifetime value in a cost-effective manner. Furthermore, we strive to expand our influence within the industry ecosystem and foster stronger partnerships with stakeholders across the entire value chain.

To achieve these goals, we continuously expand and optimize our offerings while investing in cutting-edge technologies. This allows us to create more integrated, user-friendly, and affordable HCM solutions. Our primary objective is to enhance our professional competencies in HCM solutions and deliver exceptional value to our customers. Through ongoing innovation and refinement, we introduce new features, deepen industry-specific scenarios, and optimize our products to meet diverse business demands. Additionally, we actively pursue the development of new HCM solutions to strengthen our position as a market leader. For example, we are integrating generative AI technologies into our cloud-based HCM solutions, offering a wide array of use cases that revolutionize HR practices. Our cutting-edge AI capabilities are deployed across various functionalities, including drafting job descriptions and posters, conducting AI interviews, and empowering service robots specifically designed to assist employees. In addition, we are developing new solutions that are designed to allow enterprises to digitize their approach to fostering culture, nurturing employees, and igniting inspiration. We are also developing our real-time survey solution, which is seamlessly integrated into each and every major business process, allowing job applicants and employees to provide feedbacks in real time.

Our customer-centric approach drives us to broaden our customer base by targeting both established and emerging companies across various industry verticals. To achieve this, we invest in our sales force, build brand reputation, and enhance marketing efficiency to expand our industry coverage. Moreover, we focus on creating long-term value for our customers by investing in our product and service matrix, providing refined solutions, and cultivating strong customer relationships.

We extend our commitment to excellence to our business partners by continuously developing our PaaS infrastructure. By fostering an open ecosystem for developers and business partners, we enable collaboration and reduce development costs. Furthermore, we are dedicated to attracting and retaining exceptional talent. Through competitive compensation, clear career paths, and a supportive work environment, we empower our employees to drive our growth and maintain our position as an industry leader.

The year of 2023 signifies the first year as the guiding principles of the 20th National Congress of CPC are put into action, propelling us towards the continued success of China's 14th Five-Year Plan. We are committed to establishing ourselves as a long-standing and trusted partner for our customers. With this commitment, we are dedicated to constructing innovative and integrated cloud-based HCM solutions that serve as catalysts for digital transformation in the realm of human resources.

Aligned with the national strategy for digital economic development under the 14th Five-Year Plan, our primary objective is to empower enterprises with cutting-edge technologies and solutions that drive their HR digitization efforts. We complement our offerings with professional services that ensure seamless implementation and support. By prioritizing user-centricity, we actively foster collaboration with customers across diverse sectors. Our aim is to generate value not only for the industry but also for society as a whole, thereby contributing to the realization of our nation's vision for a thriving digital economy.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	Year ended 31 March 2023 RMB'000	2022 RMB'000
Revenues from contracts with customers	4	750,914	679,627
Cost of revenues	7	(335,350)	(279,116)
Gross profit		**415,564**	**400,511**
Selling and marketing expenses	7	(386,855)	(331,000)
General and administrative expenses	7	(165,725)	(206,616)
Research and development expenses	7	(303,329)	(258,357)
Net impairment losses on financial assets and contract assets		(2,909)	(1,024)
Other income	5	37,405	34,929
Other gains, net	6	37,737	72,994
Operating loss		**(368,112)**	**(288,563)**
Finance income		7,643	7,811
Finance costs		(3,072)	(2,628)
Finance income, net	8	**4,571**	**5,183**
Fair value changes of redeemable convertible preferred shares		(2,241,362)	(1,638,199)
Loss before income tax		**(2,604,903)**	**(1,921,579)**
Income tax credit	9	5,911	12,807
Loss from continuing operations		**(2,598,992)**	**(1,908,772)**

	Note	Year ended 31 March 2023 RMB'000	2022 RMB'000
Loss is attributable to:			
– Owners of the Company		(2,598,992)	(1,908,772)
– Non-controlling interests		–	–
		(2,598,992)	**(1,908,772)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	10	(12.16)	(8.92)
Loss for the year:		**(2,598,992)**	**(1,908,772)**
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		(288,414)	15,661
Items that may not be reclassified to profit or loss			
Currency translation differences		(243,838)	114,890
Fair value changes of redeemable convertible preferred shares due to own credit risk		(2,110)	7,365
Other comprehensive (loss)/income for the year, net of tax		**(534,362)**	**137,916**
Total comprehensive loss for the year		**(3,133,354)**	**(1,770,856)**
Total comprehensive loss is attributable to:			
– Owners of the Company		(3,133,354)	(1,770,856)
– Non-controlling interests		–	–
		(3,133,354)	**(1,770,856)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 March 2023** *RMB'000*	**As at 31 March 2022** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		50,193	34,790
Right-of-use assets		56,814	78,440
Intangible assets		592	411
Deferred income tax assets		19,142	13,188
Other receivables and prepayments	12	12,947	15,816
Contract acquisition costs	4	31,215	19,095
Financial assets at fair value through profit or loss		27,881	23,294
Restricted cash		1,030	1,030
Total non-current assets		**199,814**	**186,064**
Current assets			
Contract acquisition costs	4	20,913	22,064
Contract assets	4	2,350	2,713
Trade receivables	11	22,593	22,174
Other receivables and prepayments	12	13,996	24,716
Financial assets at fair value through profit or loss		1,015,410	1,297,642
Term deposits		186,818	190,446
Restricted cash		175	180
Cash and cash equivalents		408,709	288,706
Total current assets		**1,670,964**	**1,848,641**
Total assets		**1,870,778**	**2,034,705**

	Note	As at 31 March 2023 RMB'000	As at 31 March 2022 RMB'000
DEFICITS			
Share capital		15	15
Share premium		623,064	623,064
Reserves		(1,164,394)	(687,107)
Accumulated losses		(7,815,314)	(5,216,322)
Deficits attributable to owners of the Company		(8,356,629)	(5,280,350)
Non-controlling interests		–	–
Total deficits		**(8,356,629)**	**(5,280,350)**
LIABILITIES			
Non-current liabilities			
Redeemable convertible preferred shares		9,408,379	6,610,924
Lease liabilities		22,312	39,399
Contract liabilities	4	30,055	22,284
Total non-current liabilities		**9,460,746**	**6,672,607**
Current liabilities			
Trade payables	13	6,766	4,703
Other payables and accruals	14	256,664	202,210
Contract liabilities	4	469,334	398,407
Lease liabilities		33,897	37,128
Total current liabilities		**766,661**	**642,448**
Total liabilities		**10,227,407**	**7,315,055**
Total deficits and liabilities		**1,870,778**	**2,034,705**

1 General information

Beisen Holding Limited (the "**Company**") and its subsidiaries, including consolidated structured entities, (collectively, the "**Group**") are primarily engaged in providing cloud-based human capital management ("**HCM**") solutions in the People's Republic of China (the "**PRC**"), which enables customers to recruit, evaluate, manage, develop and retain talents efficiently.

The Company is an investing holding company incorporated in the Cayman Islands on 6 April 2018 as an exempted company with limited liability under the Companies Act, (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

On 13 April 2023, the Company completed its public offering and the international offering (the "**Global Offering**"), and its ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 Basis of preparation and summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout all the years presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), interpretations issued by the IFRS Interpretations Committee ("**IFRS IC**") applicable to companies reporting under IFRS and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) – measured at fair value or revalued amount

- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell

Going concern

For the year ended 31 March 2023, the Group incurred net loss of approximately RMB2,598,992,000 and a net operating cash outflow of approximately RMB151,867,000, while the Group had a net current asset position. As of 31 March 2023, the Group had net liabilities of RMB8,356,629,000, attributable primarily to the redeemable convertible preferred shares. The Group's source of finance and working capital mainly derived from the issuance of Company's redeemable convertible preferred shares, which are classified as financial liabilities. Immediately before the completion of the Global Offering on 13 April 2023, all redeemable convertible preferred share were converted into ordinary shares, and the Company received approximately HK$155,000,000 of net proceeds after deduction of underwriting fees and commissions and estimated expenses payable. Management of the Group has prepared a cash flow projection covering a period of not less than twelve months from 31 March 2023. Based on the projection prepared by management, the directors of the Company believe that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the twelve months from 31 March 2023. Consequently, the consolidated financial statements have been prepared on a going concern basis.

2.1.1 New and amended standards adopted by the group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 April 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.2 Changes in accounting policy and disclosures

New standards, amendments to standards and interpretations not yet adopted

The following certain new accounting standards and interpretations have been published that are not mandatory during all the years presented and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's consolidated statements of financial position and consolidated statements of comprehensive loss upon adopting these standards, amendments to standards and interpretations to the existing IFRS.

3 Segment information

The Group's business activities are mainly in providing cloud-based HCM solutions and related professional services, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the directors of the Company consider that the Group's operation is operated and managed as a single segment and no segment information is presented, accordingly.

All of the Group's revenues for the years ended 31 March 2023 and 2022 were generated in the PRC.

As at 31 March 2023 and 2022, all of the Group's long-lived assets are located in the PRC.

4 Revenues from contracts with customers

(a) Disaggregation of revenue from contracts with customers

Revenue for all the years presented are as follows:

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Cloud-based HCM Solutions	537,259	463,467
Professional Services	213,655	216,160
	750,914	**679,627**

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Recognised over time	635,247	579,062
Recognised at a point in time	115,667	100,565
	750,914	**679,627**

(b) Contract assets

The Group records a contract asset when revenue recognised for professional services performance obligations fulfilled over a period of time exceed the contractual amount of billings for providing related professional services. And contract assets are reclassified to trade receivables when the Group's right to the considerations becomes unconditional.

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Contract asset	2,436	2,747
Less: Allowance for contract assets	(86)	(34)
Total contract assets	**2,350**	**2,713**

(c) Contract acquisition costs

The Group has recognised an asset in relation to costs to acquire contracts. This is presented as contract acquisition costs in consolidated statements of financial position.

Contract acquisition costs for initial contracts are amortised on a straight-line basis over a period of benefits that the Group estimated to be three to four years, while for the renewal contracts, contract acquisition costs are amortized on a straight-line basis over the renewal contract terms, or expensed as incurred if the amortization period is one year or less. The management expects the capitalised costs to be completely recovered and no impairment loss should be recognised since no losses are expected to be incurred for the related customer contracts when all the costs that relate to the fulfillment of the contract are taken into account.

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Total contract acquisition costs	52,128	41,159
Less: amounts to be amortised within one year	(20,913)	(22,064)
Contract acquisition costs – non-current	**31,215**	**19,095**

The following table shows the changes of contract acquisition costs balances:

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Asset recognised from costs incurred to obtain a contract	29,012	31,188
Amortization recognised as selling and marketing expenses related to services or products during the year	(18,043)	(23,193)

(d) Contract liabilities

During all the years presented, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The following table shows how much of the revenue recognised during all the years presented is included in the contract liabilities at the beginning of each period:

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**398,407**	**349,527**

(e) *Transaction price allocated to remaining performance obligations*

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Transaction price allocated to remaining performance obligations of long-term contracts	218,181	183,450
To be recognised as revenue within 1 year	(188,126)	(161,166)
To be recognised as revenue over 1 year	**30,055**	**22,284**

The Group elects not to disclose the amount of transaction price allocated to performance obligations to be satisfied within the next 12 months.

5 Other income

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Value added tax ("**VAT**") refund(a)	32,082	29,688
Government grants(b)	3,707	3,133
Additional deductible input tax(c)	1,264	1,824
Others	352	284
	37,405	**34,929**

(a) According to the VAT tax regulations in the PRC, the applicable VAT tax rate for sales of computer software is 13% during the years presented.

(b) Governments grants received during the period primarily comprised the financial subsidies received from various local government authorities in the mainland China. There are no unfulfilled conditions or contingencies relating to these incomes.

(c) On 20 March 2019, the Ministry of Finance, the State Taxation Administration and General Customs Administration announced that from 1 April 2019 to 31 December 2021, taxpayers engaging in providing modern services are allowed to deduct an extra 10% of the deductible input tax for the then current period from the payable tax. In March 2022, the effective period of this tax incentive policy was extended to 31 December 2022. On 9 January 2023, the Ministry of Finance, the State Taxation Administration and General Customs Administration announced that from 1 January 2023 to 31 December 2023, taxpayers engaging in providing modern services are allowed to deduct an extra 5% of the deductible input tax for the then current period from the payable tax.

6 Other gains, net

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Net fair value gains on financial assets at fair value through profit or loss	40,534	17,479
Fair value gains on foreign exchange forward contracts	–	20,341
Gains on disposal of subsidiaries (a)	–	11,875
Net losses on disposal of property, plant and equipment	(119)	(187)
Net foreign exchange (losses)/gains	(623)	23,863
Others	(2,055)	(377)
	37,737	**72,994**

(a) Disposal of subsidiaries

On 31 August 2021, the Group entered into a share transfer agreement with Hainan Shengya Enterprise Information Consulting Center Limited Partnership ("**Hainan Shengya**") and Hainan Senya Investment Co., Ltd. ("**Hainan Senya**"), pursuant to which, the Group agreed to transfer 42% equity interests of its subsidiary, Beisen Shengya (Beijing) Education Technology Co., Ltd. ("**Beisen Shengya**") to Hainan Shengya and 42% equity interests of Beisen Shengya to Hainan Senya at a consideration of RMB3,973,000 respectively, totaling RMB7,946,000. After the transaction, the Group still holds 16% equity interests of Beisen Shengya.

The Group derecognised the assets and liabilities of Beisen Shengya from its consolidated statements of financial position since the date it lost control over Beisen Shengya. And the Group designated the remaining 16% equity interests of Beisen Shengya as financial assets at fair value through profit or loss.

In June 2022, the Group entered into an agreement to further transfer its remaining 16% equity interests in Beisen Shengya to Hainan Senya at a consideration of RMB1,520,000. The transaction was completed on 6 July 2022. The net fair value gains recognized before the disposal was approximately RMB6,000.

For the aforementioned disposals of subsidiaries, the Group determines that they do not meet the definition of discontinued operations since they do not represent a separate major line of businesses both qualitatively and quantitatively.

7 Expenses by nature

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Employee benefit expenses	940,074	790,089
Depreciation of right-of-use assets	38,432	37,705
Technical service fees	37,696	26,655
Listing expenses	39,932	19,707
Marketing expenses	24,996	25,318
Depreciation & amortization expenses	23,913	13,374
Traveling expenses	20,838	21,730
Entertainment expenses	12,650	10,465
Professional fees	11,166	29,185
Short-term rental and utilities expenses	10,398	6,797
Office expenses	9,855	13,746
Tax surcharges	9,234	8,411
Recruitment expenses	921	1,627
Conference fees	770	3,492
Training service costs	242	2,973
Share-based payments – non-ESOP	–	53,348
Others	10,142	10,467
	1,191,259	**1,075,089**

8 Finance income, net

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Finance income	**7,643**	**7,811**
Finance costs		
Interest expenses on lease liabilities	(3,072)	(2,628)
	(3,072)	**(2,628)**
Finance income, net	**4,571**	**5,183**

9 Income tax credit

The income tax credit of the Group are analyzed as follows:

	Year ended 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Current income tax	43	22
Deferred income tax	(5,954)	(12,829)
Income tax credit	**(5,911)**	**(12,807)**

(a) Cayman Islands

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax. As such, the operating results reported by the Company, including the fair value change of redeemable convertible preferred shares, is not subject to any income tax.

(b) Hong Kong Income Tax

Hong Kong income tax rate is two-tiered profits tax regime, under which the tax rate is 8.25% or assessable profits on the first HK dollar 2 million and 16.5% or any assessable profits in excess of HK dollar 2 million. Hong Kong profits tax was provided for the assessable profit that was subject to Hong Kong profits tax during all the years presented.

(c) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% or 15% for enterprises qualified as "High and New Technology Enterprises" ("**HNTE**") on the assessable profits for all the years presented, based on the existing legislation, interpretations and practices in respect thereof.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during all the years presented.

(d) PRC Withholding Tax ("WHT")

According to the PRC Enterprise Income Tax Law ("**EIT Law**"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

During all the years presented, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand the business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

10 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 March	
	2023	**2022**
Numerator:		
Loss for the year and attributable to owners of the Company *(in RMB'000)*	(2,598,992)	(1,908,772)
Denominator:		
Weighted average number of ordinary shares outstanding, basic(i)	213,740,420	214,070,336
Basic net loss per share attributable to owners of the Company *(in RMB)*	(12.16)	(8.92)

Note:

(i) The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into 10 shares of the corresponding class with nominal value of US$0.00001 each (the "**Share Subdivision**") pursuant to the shareholders' resolution passed on 23 March 2023, which was effective immediately before the completion of the Global Offering on 13 April 2023.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred net losses for the years ended 31 March 2023 and 2022, the dilutive potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the years ended 31 March 2023 and 2022 are the same as basic loss per share of the respective periods.

11 Trade receivables

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	26,370	23,032
Less: allowance for impairment of trade receivables	(3,777)	(858)
	22,593	**22,174**

(a) The credit terms given to trade customers are determined on an individual basis.

The aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
– Up to 6 months	18,582	18,565
– 6 months to 1 year	3,220	3,064
– 1–2 years	3,902	1,269
– Over 2 years	666	134
	26,370	**23,032**

12 Other receivables and prepayments

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Non-current:		
Rental and other deposits	12,947	10,319
Prepayment for property, plant and equipment	–	4,897
Loan to employee	–	600
Subtotal	**12,947**	**15,816**
Current:		
Prepaid services and goods	8,418	5,162
Prepaid rent and property management fee	1,835	1,067
Rental and other deposits	1,580	7,343
Input tax to be certified and VAT allowance	610	2,419
Deferred listing expense(i)	608	4,711
Loan to employee and petty cash	133	852
Tax refunds receivable	–	2,968
Interest receivable	–	55
Others	1,007	961
Subtotal	**14,191**	**25,538**
Total	**27,138**	**41,354**
Less: allowance for impairment of other receivables	(195)	(822)
Net book amount	**26,943**	**40,532**

(i) Deferred listing expenses will be deducted from equity upon listing of the Group.

13 Trade Payables

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Trade payables	**6,766**	**4,703**

The aging analysis of trade payables based on invoice date is as follows:

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Up to 6 months	6,766	4,703
	6,766	**4,703**

14 Other payables and accruals

	As at 31 March	
	2023	**2022**
	RMB'000	*RMB'000*
Salary and welfare payable	184,187	149,226
Accrual for other taxes	41,216	42,493
Accrued service and goods	24,909	4,888
Accrued staff reimbursement	3,377	2,450
Personal tax refunds payable	1,901	–
Accrued listing expenses	191	2,656
Others	883	497
	256,664	**202,210**

15 Dividends

No dividends have been paid or declared by the Company or the companies now comprising the Group for the years ended 31 March 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Despite the various external challenges in 2022, our Group's financial performance remained strong. We successfully navigated the macroeconomic environment, industry market fluctuations, the impact of the COVID-19 pandemic, and other factors. Our total revenue and gross profit experienced positive growth, demonstrating our ability to adapt and thrive. Throughout the Reporting Period, we prioritized the continuous enhancement of our technology infrastructure, enabling us to establish seamless and engaging online communications with our customers and business partners. Furthermore, we swiftly implemented necessary business adjustments to effectively address the obstacles encountered.

Revenues

During the Reporting Period, we generated revenues from two sources, namely (i) cloud-based HCM solutions, and (ii) professional services. Our total revenue was RMB750.9 million in the Reporting Period, representing a year-on-year increase of 10.5% (same period in the FY2022: RMB679.6 million), primarily due to the increased revenues generated from subscriptions to our cloud-based HCM solutions. The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the years indicated.

	For the year ended 31 March				
	2023		**2022**		**Change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cloud-based HCM solutions	537,259	71.5	463,467	68.2	15.9
Professional services	213,655	28.5	216,160	31.8	(1.2)
Total	**750,914**	**100.0**	**679,627**	**100.0**	**10.5**

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.

Revenues generated from subscriptions to our cloud-based HCM solutions increased by 15.9% from RMB463.5 million for the FY2022 to RMB537.3 million for the Reporting Period. 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 4,780 as of 31 March 2022 to over 5,119 as of 31 March 2023. We achieved a subscription revenue retention rate of 106% for the Reporting Period. Accordingly, our ARR experienced a growth from RMB581.8 million as of 31 March 2022 to RMB649.9 million as of 31 March 2023. Total bookings increased by 12% from RMB887.7 million for the FY2022 to RMB989.9 million for the Reporting Period.

We refer to customers who subscribe to our *Core HCM Solutions* along with at least one of our other cloud-based HCM solutions as *Core HCM Integration* customers. *Core HCM integration* has gained growing popularity among our customers due to its substantial scalability and synergy benefits. ARR for our *Core HCM Integration* increased by 37% from RMB215.8 million as at 31 March 2022 to RMB296.1 million as at 31 March 2023. As at 31 March 2023, ARR for our *Core HCM Integration* accounted for 46% of our total ARR. We acquired nearly 500 new *Core HCM Integration* customers in the Reporting Period, bringing the total number of our *Core HCM Integration* customers to over 1,400 cumulatively and we achieved a subscription revenue retention rate of 116% for our *Core HCM Integration*.

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.

Professional services revenues decreased by 1.2% from RMB216.2 million for the FY2022 to RMB213.7 million for the Reporting Period primarily due to the disposal of Beisen Shengya in September 2021.

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) travelling 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 as percentages of total revenues, for the years indicated.

	For the year ended 31 March				
	2023		**2022**		**Change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Employee benefit	243,142	32.4	204,492	30.1	18.9
Professional and technical service fees	40,401	5.4	29,734	4.4	35.9
Depreciation and amortization	29,687	4.0	21,627	3.2	37.3
Travelling and office expenses	8,076	1.0	10,423	1.5	(22.5)
Others	14,044	1.9	12,840	1.9	9.4
Total	**335,350**	**44.7**	**279,116**	**41.1**	**20.1**

Our cost of revenues increased by 20.1% from RMB279.1 million for the FY2022 to RMB335.4 million for the Reporting Period. The increase in our cost of revenues was primarily driven by the increases in (i) employee benefit of RMB38.7 million, attributable primarily to the rising operation and product support staff headcount to support our business expansion; and (ii) professional and technical service fees of RMB10.7 million, which was generally in line with our business growth.

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 years indicated.

	For the year ended 31 March				
	2023		**2022**		**Change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cloud-based HCM solutions	401,448	74.7	355,157	76.6	13.0
Professional services	14,116	6.6	45,354	21.0	(68.9)
Total	**415,564**	**55.3**	**400,511**	**58.9**	**3.8**

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.

Our overall gross profit amounted to RMB400.5 million and RMB415.6 million for the FY2022 and the Reporting Period, respectively. Our overall gross margin decreased from 58.9% for the FY2022 to 55.3% for the Reporting Period.

Cloud-based HCM solutions. Gross profit for our cloud-based HCM solutions increased from RMB355.2 million for the FY2022 to RMB401.4 million for the Reporting Period. Gross margin for our cloud-based HCM solutions remained relatively stable at 76.6% and 74.7% for the FY2022 and the Reporting Period, respectively.

Professional services. Gross profit for our professional services decreased from RMB45.4 million for the FY2022 to RMB14.1 million for the Reporting Period. Gross margin for our professional services decreased from 21.0% for the FY2022 to 6.6% for the Reporting Period.

Our overall gross margin and gross margins for our cloud-based HCM solutions and professional services decreased for the Reporting Period. 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 Reporting Period amid the unexpected waves of 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 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 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) travelling 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 years indicated.

	For the year ended 31 March				
	2023		2022		Change
	RMB'000	*%*	*RMB'000*	*%*	*%*
Employee benefit	317,051	42.2	264,529	38.9	19.9
Marketing expenses	24,998	3.3	25,318	3.7	(1.3)
Travelling and office expenses	22,513	3.0	21,719	3.2	3.7
Depreciation and amortization	14,488	1.9	12,689	1.9	14.2
Others	7,805	1.1	6,745	1.0	15.7
Total	**386,855**	**51.5**	**331,000**	**48.7**	**16.9**

Our selling and marketing expenses increased by 16.9% from RMB331.0 million for the FY2022 to RMB386.9 million for the Reporting Period. The increase in our selling and marketing expenses was primarily driven by the increase in employee benefit of RMB52.5 million, attributable primarily to the rising sales and marketing personnel headcount to support our business expansion.

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) employee benefit, representing salaries, benefits and share-based compensation relating to our administrative staff; (ii) professional service fees, representing costs associated with consulting and professional services; (iii) travelling and office expenses incurred by our administrative staff; (iv) depreciation and amortization expenses associated with our administrative activities; (v) share-based payments for non-ESOP purposes, arising from certain share exchange and share repurchase transactions, and transactions among shareholders; 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 years indicated.

	For the year ended 31 March				
	2023		**2022**		**Change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Employee benefit	98,071	13.1	83,793	12.3	17.0
Professional service fees	49,783	6.6	46,446	6.8	7.2
Travelling and office expenses	10,709	1.4	15,221	2.2	(29.6)
Depreciation and amortization	3,840	0.5	4,349	0.6	(11.7)
Share-based payments – non-ESOP	–	–	53,348	7.8	(100.0)
Others	3,322	0.4	3,459	0.5	(4.0)
Total	**165,725**	**22.0**	**206,616**	**30.2**	**(19.8)**

Our general and administrative expenses decreased by 19.8% from RMB206.6 million for the FY2022 to RMB165.7 million for the Reporting Period. The decrease in our general and administrative expenses was primarily due to the decrease in share-based payments for non-ESOP purposes of RMB53.3 million, which was due to the difference between the consideration we paid and the respective fair value of the repurchased shares during our Series F financing in 2021. The decrease in our general and administrative expenses was partially offset by the increase in employee benefit of RMB14.3 million as a result of the rising general and administrative staff headcount to support our business expansion.

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 years indicated.

	For the year ended 31 March				
	2023		**2022**		**Change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Employee benefit	281,810	37.5	237,274	34.9	18.8
Depreciation and amortization	13,973	1.9	12,413	1.8	12.6
Others	7,546	1.0	8,670	1.3	(13.0)
Total	**303,329**	**40.4**	**258,357**	**38.0**	**17.4**

Our research and development expenses increased by 17.4% from RMB258.4 million for the FY2022 to RMB303.3 million for the Reporting Period, primarily driven by the increase in employee benefit of RMB44.5 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 primarily relate to impairment on trade receivables and other receivables. 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.

We recorded net impairment losses on financial assets and contract assets of RMB1.0 million and RMB2.9 million for the FY2022 and the Reporting Period, respectively, primarily because we increased our accrued impairment losses on our financial assets and contract assets as the size of such assets increased for the Reporting Period.

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 years indicated.

	For the year ended 31 March		
	2023	**2022**	**Change**
	RMB'000	*RMB'000*	*%*
Value added tax refund	32,082	29,688	8.1
Government grants	3,707	3,133	18.3
Additional deductible input tax	1,264	1,824	(30.7)
Others	352	284	23.9
Total	**37,405**	**34,929**	**7.1**

Our other income slightly increased from RMB34.9 million for the FY2022 to RMB37.4 million for the Reporting Period, primarily attributable to the increase in value add tax refund of RMB2.4 million.

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 years indicated.

	For the year ended 31 March		
	2023	**2022**	**Change**
	RMB'000	*RMB'000*	*%*
Net fair value gains on financial assets at fair value through profit or loss	40,534	17,479	131.9
Fair value gains on foreign exchange forward contracts	–	20,341	(100.0)
Gains on disposal of subsidiaries	–	11,875	(100.0)
Net losses on disposal of property, plant and equipment	(119)	(187)	(36.4)
Net foreign exchange (losses)/gains	(623)	23,863	(102.6)
Others	(2,055)	(377)	445.1
Total	**37,737**	**72,994**	**(48.3)**

Our other gains, net decreased from RMB73.0 million for the FY2022 to RMB37.7 million for the Reporting Period, primarily due to the decreases in (i) net foreign exchange gains of RMB24.5 million, attributable primarily to reclassification of intra-group loans; (ii) fair value gains on foreign exchange forward contracts of RMB20.3 million as we redeemed our investment in such foreign exchange forward contracts; and (iii) 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. The decrease in other gains, net was partially offset by the increase in net fair value gains on financial assets at fair value through profit or loss of RMB23.1 million due to our increased investment in certain wealth management products during the Reporting Period. All of our investments in these wealth management products were made prior to the Global Offering.

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.

Our finance income, net decreased from RMB5.2 million for the FY2022 to RMB4.6 million for the Reporting Period, primarily due to the increase in interest expenses on lease liabilities of RMB0.4 million as we leased additional office space to support our business growth.

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 Pre-IPO Investments. Prior to the Global Offering, 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 the FY2022 and the Reporting Period, we had fair value changes of redeemable convertible preferred shares of RMB1,638.2 million and RMB2,241.4 million, respectively, as a result of changes in the valuation of our Company. Upon the completion of the Global Offering, all of such redeemable convertible preferred shares have been automatically converted to our Shares, and we will no longer recognize change in fair value liabilities in respect of them.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax of RMB1,921.6 million and RMB2,604.9 million for the FY2022 and the Reporting Period, respectively.

Income Tax Credit

We recorded income tax credit of RMB5.9 million for the Reporting Period, as compared to income tax credit of RMB12.8 million for the FY2022.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB1,908.8 million and RMB2,599.0 million for the FY2022 and the Reporting Period, respectively.

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

	For the year ended 31 March		
	2023	**2022**	**Change**
	RMB'000	*RMB'000*	*%*
Reconciliation of loss for the period and adjusted net loss (non-IFRS measure)			
Loss for the year	**(2,598,992)**	**(1,908,772)**	**36.2**
Add:			
Share-based payments – ESOP[1]	57,075	53,635	6.4
Share-based payments – non-ESOP[2]	–	53,348	(100.0)
Fair value changes of redeemable convertible preferred shares[3]	2,241,362	1,638,199	36.8
Adjusted net loss (non-IFRS Measure)	**(300,555)**	**(163,590)**	**83.7**

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.

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 Pre-IPO Investments. These fair value changes are non-cash in nature. Upon the completion of the Global Offering, such redeemable convertible preferred shares have been automatically converted into ordinary shares of our Company and no fair value change will be recorded.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from our business operations and shareholder equity contributions. To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our senior management to finance our operations and mitigate the effects of fluctuations in cash flows.

Cash and Cash Equivalents and Term Deposits

We had cash and cash equivalents of RMB408.7 million as of 31 March 2023, as compared to RMB288.7 million as of 31 March 2022, respectively. As of 31 March 2023, we had unutilized banking facilities of RMB40.0 million. Most of the cash and cash equivalents of the Group were denominated in Renminbi. The term deposits of the Group were denominated in U.S. dollars.

GEARING RATIO

The gearing ratio is calculated by dividing total liabilities by total assets and then multiplying by 100%. As of 31 March 2023, the Group's gearing ratio was 546.7% as compared with the gearing ratio of 359.5% as of 31 March 2022. The redeemable convertible preferred shares accounts for 92.0% and 90.4% of the totally liabilities as of 31 March 2023 and 2022, respectively.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group operated in China and the majority of the transactions were settled in Renminbi, which is also the functional currency of the Company's primary consolidated affiliated entities. As of 31 March 2023, except for the bank deposits denominated in foreign currencies other than the functional currency of the Company, its subsidiaries and consolidated affiliated entities, the Group did not have significant foreign currency exposure from its operations.

The Group currently does not have any foreign currency hedging policies. The management of the Company will continue to pay attention to the Group's foreign exchange exposure and consider adopting prudent measures as appropriate.

CONTINGENT LIABILITIES

As of 31 March 2023, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

We mainly have capital commitments with respect to purchase of fixed assets and office renovation. Capital expenditure contracted for as of 31 March 2022 and 2023 but not recognized as liabilities were as follows:

	As of 31 March		
	2023	**2022**	**Change**
	RMB'000	*RMB'000*	*%*
Within 1 year	2,751	10,885	(74.7)

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 within our Group. Foreign exchange risk is the risk of loss resulting from changes in fluctuation of 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 FY2022 and the Reporting Period, 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 Reporting Period, 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 RMB94,833,000 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 during the Reporting Period. During the FY2022 and the Reporting 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 RMB20,000 lower/higher for the Reporting Period, as a result of net foreign exchange gains/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 RMB482,000 lower/higher for the Reporting Period, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in Renminbi, regardless of the foreign exchange forward contracts.

We entered into foreign currency forwards in relation to financial assets dominated in foreign currency that do not satisfy the requirements for hedge accounting (economic hedges). During the FY2022 and the Reporting 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 counter-parties with an appropriate credit history and the management of the Company 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 the Group's 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.

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, the policy of us is to regularly monitor our liquidity risk and to 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 31 March 2023					
Trade payables	6,766	–	–	–	6,766
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	31,261	–	–	–	31,261
Lease liabilities	35,820	22,444	335	–	58,599
	73,847	**22,444**	**335**	**–**	**96,626**
As of 31 March 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 at 31 March 2022 and 2023, redeemable convertible preferred shares were classified as a non-current liability, because the Preferred Shareholders cannot demand the Company to redeem their preferred shares within 12 months as at 31 March 2022 and 2023.

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 included elsewhere in this announcement. 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.

PLEDGE OF ASSETS

As of 31 March 2023, we did not pledge any of our assets.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As of 31 March 2023, save for wealth management products, we did not hold any significant investments.

The financial assets that we invested mainly include investments in wealth management products. Since the Company was listed on 13 April 2023 (that is, after the Reporting Period), the wealth management products acquired by the Group during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

During the Reporting Period, the Group had subscribed for certain wealth management products (namely, structured deposits which are principal guaranteed) issued by licensed banks with expected rates of return ranging from 0.38% to 3.5% per annum. The exact returns on all of these wealth management products are not guaranteed (though a minimum return rate is guaranteed for each product), hence their contractual cash flow do not qualify for solely payments of principal and interests. Therefore, they are measured at fair value through profit or loss. As of 31 March 2023, the aggregated outstanding principal amount of the Group's wealth management products was RMB1,008.0 million, and the wealth management products (measured at fair value through profit or loss) as a percentage to the Group's total asset was 54.3%.

Each of the following outstanding wealth management products had a percentage of over 5% to the Group's total assets as of 31 March 2023:

Subscription Date	Maturity Date	Name of Product	Name of Bank	Principal amount of subscription	Type of product and risk rating	Expected return rate	Investment scope of product	Fair value and relative size to the Group's total assets as of 31 March 2023
24 February 2023	20 July 2023	Structured deposit product for corporate customers (linked to exchange rate with three tiers, option A)	Xiamen International Bank	RMB174.0 million	Principal guaranteed with floating return (minimum return rate guaranteed), low risk	1.6%-3.4%	Euro-USD exchange rate	RMB174.5 million and 9.3%
28 February 2023	5 September 2023	BOC linked structured deposit	Bank of China	RMB100.0 million	Principal guaranteed with floating return (minimum return rate guaranteed), low risk	1.5%-3.4%	Fluctuations in Euro-USD exchange rate	RMB100.3 million and 5.4%

In view of an upside of earning with a more attractive return than current saving or fixed deposit, as well as the risk nature and the relatively short-term of maturity of those wealth management products, the Group selected products with strong liquidity, safety feature and reasonable returns issued by reputable licensed banks and financial institutions.

During the Reporting Period, there were no material acquisitions, disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended and as of 31 March 2023, the Group did not have plans for material investments and capital assets.

EMPLOYEES

As of 31 March 2023, we had 2,085 (31 March 2022: 2,105) employees in total.

Our success depends on our ability to attract, retain and incentivize qualified personnel. We provide various incentives and benefits for our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees.

EVENTS AFTER THE REPORTING PERIOD

On 13 April 2023, the Company issued the 8,044,000 shares with par value of US$0.00001, at a price of HK$29.70 per share by initial public offering. Gross proceeds from such issue amounted to HK$155.0 million, after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the Global Offering.

Save as disclosed above, the Company is not aware of any material subsequent events after 31 March 2023 and up to the date of this announcement.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 13 April 2023. Our Company received net proceeds (after deduction of underwriting fees and commissions and expenses payable by us) in connection with the Global Offering in the amount of HK$155.0 million. Our Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended 31 March 2023.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules as the basis of the Company’s corporate governance practices. As the Company’s shares in issue were not yet listed on the Stock Exchange during the year ended 31 March 2023, the CG Code was not applicable to the Company during the Reporting Period.

In the opinion of the Directors, since the Listing Date and up to the date of this announcement, the Company has complied with all the code provisions as set out in the CG Code. The Directors will periodically review on the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions since the Listing Date. As the shares of the Company were not yet listed on the Stock Exchange as of 31 March 2023, the Model Code was not applicable to the Company during the year ended 31 March 2023.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the requirements as set out in the Model Code since the Listing Date and up to the date of this announcement.

SOCIAL RESPONSIBILITIES, ENVIRONMENTAL POLICIES AND PERFORMANCE

In 2022, the Group continued to contribute to the development of the society and make its own efforts in the fields of health, healthcare and education, showcasing our performance of social responsibility. Meanwhile, we continued to pay attention to the shortage of educational resources in poverty-stricken areas. This year, we collaborated with Jack Ma Foundation (馬雲基金會), a non-profit organization mainly focused on education, environmental protection, medical care and other fields, and provided services and support to its Rural Teachers Program (鄉村教師計劃), that helps selected rural teachers enhance their professional and educational practical capabilities, raises social awareness of rural teachers, and helps rural children grow up healthy and happy with the benefit from of rural education. We also provided assessment tools to support the "China Public Welfare Talent Ability Navigation" project (中國公益人才能力導航). The project aims to provide capability assessment and development suggestions for public welfare practitioners through the establishment and operation of the public welfare talent ability assessment system, improve the efficiency of public welfare talent development, and provide guidance for the development direction of public welfare industry. From 2020 to 2022, public welfare organizations and professionals from various fields such as environment, community development, rural education, and industry development used Beisen's assessment tools through this project, obtaining detailed talent assessment reports and deepening their understanding of their own abilities and potential.

An Environmental, Social and Governance Report will be included in the annual report of the Company for the year ended 31 March 2023, which is expected to be published on the Stock Exchange's website and the Company's website by the end of July 2023.

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

The Company was not listed on the Stock Exchange as of 31 March 2023.

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the listed securities of the Company since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely Mr. Zhao Hongqiang, Mr. Ge Ke and Mr. Du Kui. The Audit Committee has also adopted written terms of reference, which clearly set out its duties and obligations to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 March 2023.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive loss and the related notes thereto for the year ended 31 March 2023 as set out in this annual results announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.beisen.com. The annual report of the Company for the year ended 31 March 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

ANNUAL GENERAL MEETING

The AGM is expected to be held on Wednesday, 20 September 2023. The notice of the AGM will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 15 September 2023 to Wednesday, 20 September 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 14 September 2023.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"AGM"	the annual general meeting of the Company to be held on 20 September 2023
"Audit Committee"	the audit committee of the Board
"Beisen HK"	Beisen Holding HK Limited, a limited company incorporated in Hong Kong on 10 April 2018 and a wholly-owned subsidiary of our Company
"Beisen Shengya"	Beisen Shengya (Beijing) Education Technology Co., Ltd. (北森生涯(北京)教育科技有限公司), a limited liability company established under the laws of the PRC on 23 April 2009, which ceased to be our wholly-owned subsidiary after the relevant share transfer completed on 6 September 2021
"Board", "our Board" or "Board of Directors"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "our Company", or "the Company"	Beisen Holding Limited (北森控股有限公司), a company with limited liability incorporated in the Cayman Islands on 6 April 2018
"Consolidated Affiliated Entity"	entity we control wholly through the Contractual Arrangements, namely Onshore Holdco

"Director(s)"	the director(s) of our Company
"FY2022"	the year ended 31 March 2022
"Global Offering"	the Hong Kong public offering and the international offering of the offer shares
"Group", "our Group", "the Group", "we", "us", "our", or "Beisen"	the Company, its subsidiaries and the Consolidated Affiliated Entity from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	13 April 2023, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules

"Onshore Holdco"	Beijing Beisen Cloud Computing Co., Ltd. (北京北森雲計算股份有限公司), a company established under the laws of the PRC on 17 May 2005 and the Consolidated Affiliate Entity of our Company
"Prospectus"	the prospectus of our Company, dated 30 March 2023, in relation to the Global Offering
"Reporting Period"	the year ended 31 March 2023
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"Sendou Shanghai"	Sendou Shanghai Technology Co., Ltd. (森豆(上海)科技有限公司), a limited liability company established under the laws of the PRC on 10 July 2019 and a wholly-owned subsidiary of our Company
"Share(s)"	ordinary share(s) in the share capital our Company, with a nominal value of US$0.0001 each prior to the Share Subdivision or US$0.00001 each upon the completion of the Share Subdivision
"Shareholder(s)"	holder(s) of our Shares
"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into 10 shares of the corresponding class with nominal value of US$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD" or "US$"	United States Dollar, the lawful currency of the United States of America
"%"	per cent.

GLOSSARY OF TECHNICAL TERMS

"AI"	artificial intelligence
"application"	application software designed to run on smartphones and other mobile devices
"ARR"	We define ARR as the annualized revenue run-rate of effective subscriptions of our cloud-based HCM solutions at a point in time. We calculate ARR by taking the monthly recurring revenue, or MRR, as of the last day of a particular month and multiplying it by 12. MRR is defined as the total contract value of effective subscriptions of our cloud-based HCM solutions, divided by the number of months within the duration of such subscriptions. Effective date of such subscriptions is provided in the relevant subscription agreements
"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's servers with access to shared pools of configurable resources
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"employee lifecycle"	the period encompasses various stages in the career of an employee, beginning with recruitment and concluding with resignation, termination or retirement
"HCM"	human capital management
"NPS"	net promoter score, a customer loyalty metric calculated by subtracting the percentage of detractors (those who scored 0 to 6) from the percentage of promoters (those who scored 9 or 10), based on responses to the question "How likely are you to recommend our product/service to others?" scored on a zero-to-ten scale

"PaaS"	platform as a service, a category of cloud computing that provides a platform and environment to allow developers to build applications over the internet
"SaaS"	software as a service, a cloud-based software licensing and delivery model on a subscription basis with centrally hosted associated data
"subscription revenue retention rate"	We use subscription revenue retention rate to measure growth in revenue generated from existing customers of our cloud-based HCM solutions over time. To calculate such metric for a given current 12-month period, we first identify those customers who generated cloud-based HCM solution revenue in the prior 12-month period (the "**Trailing Twelve Months**") and then identify those among them who generated cloud-based HCM solution revenue in the current 12-month period. We then calculate the subscription revenue retention rate by dividing the subscription revenue such customers generated in the current 12-month period, by our total subscription revenue in the Trailing Twelve Months. The subscription revenues used in calculating our subscription revenue retention rate are based on our internal management accounts
"use case"	a specific business scenario in which a product or service could potentially be used

By order of the Board
Beisen Holding Limited
WANG Zhaohui
Chairman and Executive Director

PRC, 28 June 2023

As at the date of this announcement, the executive Directors are Mr. WANG Zhaohui, Mr. JI Weiguo and Ms. LIU Xianna, and the independent non-executive Directors are Mr. DU Kui, Mr. ZHAO Hongqiang and Mr. GE Ke.