Beisen Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9669)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The Board hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 September 2023 together with the comparative figures for the six months ended 30 September 2022, as follows:

FINANCIAL HIGHLIGHTS

The key financial highlights are as follows:

	Six months ended 30 September		
	2023	2022	Change
	RMB'000	RMB'000	%
Revenue	**400,533**	350,766	14.2
Gross profit	**237,010**	189,315	25.2
Adjusted gross profit (a non-IFRS measure)[1]	**255,338**	189,970	34.4
Loss for the period	**(3,058,067)**	(162,822)	1,778.2
Adjusted net loss (a non-IFRS measure)[2]	**(85,920)**	(152,139)	(43.5)
Net cash used in operating activities	**175,166**	186,144	(5.9)

Notes:

1. We define adjusted gross profit (a non-IFRS measure) as gross profit adjusted by adding back share-based payments included in cost of revenues.

2. We define adjusted net loss (a non-IFRS measure) as loss for the period adjusted by adding back share-based payments, and fair value changes of redeemable convertible preferred shares.

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.

BUSINESS REVIEW AND OUTLOOK

Industry Review

In 2023, advancements in AI, cloud computing, and similar technologies have significantly propelled the ongoing digitalisation transformation of enterprises. The drive for software localization and enactment of the Personal Information Protection Law in China are new opportunities for HCM SaaS sector growth. Integrated HCM SaaS is now a clear development trend, with top vendors starting to align with this direction. With the continuous improvement of AIGC large models, datamation and intelligentization will also become major development trends in the HCM SaaS market, and will emerge as indispensable parts of this sector. The cloud-based HCM solutions market in China is still fragmented. Out of more than 500 players in China's HCM digitalisation market in 2022, Beisen stands out as the sole integrated cloud-based HCM solutions provider covering all main HCM-using scenarios of the entire employment lifecycle. Moreover, Beisen is the only cloud-based HCM solutions provider in China that has successfully built an unified and open PaaS infrastructure, enabling Beisen to offer comprehensive and integrated multi-function solutions. Supported by China's 14th Five-Year Plan, which heavily endorses the digital economy, the cloud-based HCM solutions sector is poised for substantial growth. Beisen is well-positioned to capitalize on this trend, expecting a gradual upswing in business as market dynamics continue to evolve favorably.

As a leading company engaged in human resources technology and the top one in the HCM SaaS market in China, Beisen has been continuously advancing its integrated HR digital platform, earning widespread recognition and numerous accolades from renowned research institutions both domestically and internationally. Beisen has consistently led the market share in China's HCM SaaS arena for seven consecutive years, holding 15.3% in the first half of 2023. In sub-market level, Beisen was also the top-ranking company in China's core HCM market, recruitment management and performance management in terms of market share in the first half year of 2023. In addition to that, it has maintained its position as a leader with the largest market share for years for its assessment business in which it has accumulated 20 years of experiences. In 2023, Beisen was appointed as a technical activities unit of the Chinese Electronics Standardization Association and the Information Technology Application Innovation Working Committee (ITAIWC).

Note: Source – IDC China Human Capital Management (HCM) SaaS Market Tracking Report for the First Half of 2023 by International Data Corporation (IDC)

Business Review

China's post-pandemic economic recovery from April to August 2023 fell short of expectations, impacting Beisen's business growth. The economic uncertainty led to extended customer decision cycles and more stringent procurement processes, slowing our order acquisition. We observed a shift in HR management trends, with a growing emphasis on talent quality over quantity and stronger focus on goal and performance management for cost-efficiency. Adapting to the new economic landscape, Beisen swiftly realigned its strategy to capitalize on emerging business opportunities and enhance operational efficiency. Beisen focused on sectors like major retail, consumer goods, and new energy that showed rapid recovery post-COVID-19. As a result, Beisen witnessed a substantial growth of 37.0% in its contract value in September 2023 compared to September 2022. For the six-month period ended 30 September 2023, the contract value increased by 15.9% as compared with the same period of last year. Beisen's total revenue reached RMB400.5 million, marking a 14.2% of rise as compared with the same period of last year. This growth was spearheaded by the cloud-based HCM solutions, which generated revenue of RMB296.5 million, a 17.1% of increase as compared with the same period last year (the same period of 2022: RMB253.3 million). The cloud-based HCM solutions contributed to 74.0% of the total revenue, up by 1.8 percentage points from 72.2% in the same period last year.

Beisen's integrated platform features six modules, spanning the full spectrum of an employee lifecycle from hiring to departure. For new clients, we delve deeply into their business requirements, promoting sales across multiple modules. With our existing clientele, we continually deepen our understanding of their business dynamics to identify new needs and collaborative opportunities, thereby facilitating cross-selling. As of 30 September 2023, our annual recurring revenue (ARR) from clients engaged in at least two modules stood at 71.4%.

Meanwhile, Beisen has comprehensively enhanced its service system with a range of new strategies, significantly boosting the overall service efficiency and enriching customer experience. Excluding the share-based payments from gross profits, during the six months ended 30 September 2023, Beisen's gross profit margin (a non-IFRS measure) was 63.7%, up by 9.5 percentage points from the same period of the previous year. Specifically, the gross margin for cloud-based HCM solutions (a non-IFRS measure) increased by 3.2 percentage points to 78.1%, and the professional services gross margin (a non-IFRS measure) rose remarkably by 22.4 percentage points to 22.7%. As of September 2023, our NPS stood at 28.3.

In the first half of FY2024, Beisen has further developed thoroughly the integrated HCM scenario catering on its customers. As of 30 September 2023, the number of our customers was more than 5,300, and our subscription revenue retention rate reached 104% during the Reporting Period.

1. *Core HCM integration business grew in a solid manner. As of 30 September 2023, the ARR accounted for 48.4%, representing an increase of 35.1% as compared with the same period of last year, and 300 new customers were secured during the Reporting Period.*

   Recognizing the importance of efficient manpower budgeting and cost control as well as the the business condition, Beisen has significantly ramped up R&D for its core product, Payroll Cloud. The latest Comprehensive Payroll 2.0 includes enhanced payroll accounting, salary management, and budget control features, leading to more robust capabilities and an improved user experience. Innovations like the Excel-like payroll engine and bank-enterprise direct connection, support large-scale, seamless online payroll processing and more effective manpower cost management. A notable collaboration with a top vocational education group resulted in efficient, 100% online payroll processing for nearly 10,000 staff across eight schools, drastically reducing tax filing time from one week with seven computers to just 40 minutes with one computer only.

   Maintaining its industry-leading position, Beisen's Core HCM Cloud, as the cornerstone of integrated HCM SaaS, continues to excel in scenarios like staffing management, employment flexibility, and duty transfers. For instance, in staffing management, upgrades enabling custom staffing dimensions and advanced release staffing, along with tailored control options, empower businesses to manage their staffing needs more dynamically, bolstering overall business growth.

2. *Beisen's integrated recruitment and assessment service has evolved significantly, shifting from focusing on recruitment volume to enhancing recruitment quality. As of 30 September 2023, the ARR for recruitment and assessment integration business accounted for 23.3%, with 137 new customers secured during the Reporting Period.*

   Against the backdrop of cost reduction and efficiency enhancement, businesses are increasingly prioritizing the quality of their recruitment over the quantity. Responding to the market demand, Beisen leverages over its two decades of expertise from its Talent Management Institute to introduce new innovative interviewer operation systems. These systems enhance recruitment quality by establishing unified interview standards and developing top-notch interviewer teams, supplemented by cutting-edge talent assessment technology.

   Beisen has made outstanding achievements in key accounts' practice of recruitment, help them to realizing digital recruitment. Beisen established a fully online recruitment process, for a renowned automobile company automating the handling of thousands of on-campus recruitment CVs, enhancing efficiency by 30%. Leveraging assessment and AI technologies, the company could effectively selected top university students, such as conducting AI-simulated interviews to evaluate English proficiency for overseas positions, significantly streamlining the English interview process.

3. *The segment of the Performance Management Cloud is growing rapidly against the trend under the new economic landscape. As of 30 September 2023, the ARR from performance management business recorded a year-on-year increase of 32.3%, and 169 new customers were secured during the Reporting Period.*

   Beisen has developed a robust, closed-loop Performance Management Cloud, prioritizing a people-centric approach to drive effectiveness and enhance user experience. In the first half of FY2024, new functions such as managers directly setting goals, issuing goals, multi-dimensional authority management and performance improvement plan ("**PIP**") were added to the performance system. These features address the growing needs for varied management approaches within the performance system. Through integrating Beisen's comprehensive performance management system, One of our client, a publicly listed food chain company, has significantly enhanced its performance management capabilities. The system introduces a matrixed approach to setting performance targets, enabling a structured, top-down allocation of key tasks aligned with strategic planning. This method ensures that strategic objectives are effectively communicated and supported at all levels of the organization, from management to departments and to individual staff, with all processes and alignments completed online. Additionally, the system facilitates the closed-loop performance management, leading to tangible improvements in operational efficiency, employee productivity, and the activation of talent potential.

4. *E-Learning Cloud, a business-centered integrated talent development platform. As of 30 September 2023, the ARR from E-Learning Cloud has experienced a year-on-year growth of 84.5% and has acquired 130 new customers during the Reporting Period.*

   Catering to the market demand for deeper integration of training with business functions, E-Learning Cloud has enhanced its connectivity with the data of recruitment, human resources, payroll, leave and attendance, and performance this year. This integration has led to the digitization of key processes like onboarding training and efficient remuneration calculation for instructors. New additions such as in-person courses and offline assessments align with the practical training and online record needs of chain stores and manufacturing industries, supporting a broad spectrum of enterprises in their digital learning transformation. "Beisen's integrated cloud-based HCM solutions help us achieve a full-circle management from employee onboarding, training, evaluation to promotion. In terms of talent development, Beisen E-Learning Cloud enables the implementation of innovative training models", the training manager of an pharmaceutical chain company commented. E-Learning Cloud has successfully engaged over 5,000 employees across more than 1,000 chain stores nationwide, achieving a 90% training participation rate and significantly reducing the competency-building period for new employees through effective online mentorship.

5. *Promoting innovation to meet the talent management needs of central government-owned and state-owned enterprises.*

   Beisen has launched product tools such as the Assessment Plan for Young Junior to Mid-level Management of State-owned Enterprises, the Management Skills Assessment for Management of State-owned Enterprises, and the online and offline integration scenario for employees' evaluation of management, helping our clients in comprehensively improving their capability in managing their management. The Company has also launched the Insurance Agent Assessment Plan – Upgraded Version and Key Position Assessment and Evaluation in Manufacturing Industry for corporates' recruitment. Beisen has upgraded its AI Interview platform (閃面) and its cloud-based system for campus recruitment monitoring, significantly improving the assessment process to better suit diverse talent evaluation requirements. Furthermore, we introduced Mr. Sen, an innovative AI-powered leadership coaching tool, marking a significant step in integrating AI with talent management. This initiative is strengthened by collaborations with AI technology leaders like Baidu ERNIE Bot (文心一言).

6. *Beisen's latest product innovations expand the scope of Core HCM integration, marking a significant foray into advanced workforce management.*

   The manufacturing and retail chain sectors, pivotal to the national economy with their extensive client base and volume, are the primary focus of Beisen. Beisen's workforce management solutions enable businesses to effectively align employee scheduling with operational needs, offering lean and precise man-hour management. After years of dedicated service in these sectors, Beisen unveiled its sophisticated workforce management products in September 2023. Building upon its expertise in complex shift and overtime management, we introduced cutting-edge features like intelligent scheduling, lean work hours, and workforce analytics. Beisen's workforce management, distinguished by its comprehensive coverage and superior user experience, stands out in the market. The workforce management system is already aiding major clients, particularly large group companies with over 5,000 employees, in implementing intricate rules for attendance and leave.

Business Outlook

In the second half of FY2024, our business strategy will focus on the following directions:

1. *Committed to our "PaaS + Integration" strategy and the principle of creating solutions centered around employees (業人一體，為員工而設計), we are focused on innovating and launching new products to expand our integrated HCM SaaS offering and strengthen our competitive edge.*

   Our ongoing product development aims to enhance cost-efficiency – from speeding up the interviewer operation system and qualification management system, elevating talent quality in enterprises, to refining our workforce management system and People Analytics 3.0. These improvements aid organizations in attaining cost reduction and efficiency gains. Additionally, we are improving the penetration rate of products like AI Family, Comprehensive Payroll 2.0, cultural incentives, and the real-time survey system, driving organizational-wide efficiency. Our commitment to a user-centric approach – "designed for employees, beneficial for management, with a focus on experience" – keeps us at the forefront of HR software innovation, continually enhancing customer and employee satisfaction and loyalty, and further solidifying Beisen's leadership position.

2. *Beisen remains committed to integrating AI with HCM SaaS, pursuing diverse applications of GPT technologies.*

   Leveraging the AI/BI foundation of our self-developed Luban PaaS platform, we are incorporating generative AI and similar advanced technologies. This includes continual training and fine-tuning based on our HR-specific knowledge graphs and model libraries. The integration of our SenGPT large-scale manpower model into our comprehensive HCM SaaS business and data scenarios has led to the launch of the AI Family product suite. This suite offers intelligent solutions across all HR domains, including intelligent recruiting, process applications, talent management, data analytics, and employee services, heralding a new era of enhanced workforce efficiency.

3. *Beisen is intensifying its focus on strategically significant sectors, particularly targeting central government, state-owned enterprises, and major clients.*

   Our approach involves fortifying the Core HCM and recruitment modules as foundational products for cross-selling initiatives. We are targeting key industries such as the internet sector, large-scale healthcare, manufacturing, retail chains, and new energy. Our goal is to boost customer acquisition efficiency and penetrate deeper into these specialized markets, driving substantial growth in HCM SaaS. Business efforts are aligned with efficiently acquiring new clients while enhancing cross-selling and upselling among existing ones. A significant emphasis is placed on expanding business depth with key accounts, especially targeting new customers in large-scale recruitment operations. The strategy includes a blend of multiple business cross-selling and market infiltration. For Core HCM, we aim to expand our reach in scenarios involving organizations with over 10,000 employees. This will be achieved by leveraging cross-selling across various products, thus maximizing the value derived from each customer.

4. *To continue to prioritize a customer-centric approach, we are committed to enhancing the efficiency and effectiveness of our client services.*

Our strategy revolves around offering comprehensive, end-to-end solutions. This involves not only ensuring top-quality project delivery and high levels of service satisfaction, but also implementing advanced digital tools for meticulous management of working hours. We are establishing robust processes and mechanisms for project cost settlement. This initiative is a step towards the meticulous operation of our services, aiming to refine how we manage and deliver client projects. By optimizing internal collaboration and operational efficiency, we are poised to substantially improve the overall service effectiveness, thereby delivering greater value and satisfaction to our clients.

5. *To embrace eco-partners, and prompt employee experience.*

Beisen is dedicated to fostering an open, mutually beneficial partnership ecosystem, focusing on providing seamless and valuable services to employees of our client companies. This involves expanding our network of eco-partners to address a wide range of business needs. Our integrated HCM SaaS platform serves as a fertile ground for collaboration, enabling us and our partners to weave together various HR-related scenarios like recruitment, business travel, training, background checks, benefits, and e-signature, ensuring a smooth and uninterrupted service experience for employees.

In the challenging economic landscape of the first half of FY2024, marked by China's slow recovery and uncertain global conditions, Beisen remains committed to its 100% public cloud-based pure SaaS model. With prudent investments guided by dynamic strategic management, Beisen has not only improved our operational efficiency but also achieved sustainable business growth. This approach has led to a gradual reduction in losses, showcasing the resilience and potential of our SaaS model during economic downturns. With a long-term perspective and steadfast approach, Beisen is poised to capitalize on significant opportunities brought forth by the trends in software localization, digital transformation, and the rise of AIGC, aiming to achieve rapid growth in HCM SaaS, thereby delivering enhanced value to our shareholders and investors.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Revenues from contracts with customers	5	**400,533**	350,766
Cost of revenues	8	**(163,523)**	(161,451)
Gross profit		**237,010**	189,315
Selling and marketing expenses	8	**(232,252)**	(177,446)
General and administrative expenses	8	**(100,222)**	(64,429)
Research and development expenses	8	**(186,966)**	(144,858)
Net impairment losses on financial assets and contract assets		**(4,569)**	(2,601)
Other income	6	**31,276**	17,269
Other gains, net	7	**6,256**	19,259
Operating loss		**(249,467)**	(163,491)
Finance income		**4,962**	3,214
Finance costs		**(1,231)**	(1,856)
Finance income, net		**3,731**	1,358
Fair value changes of redeemable convertible preferred shares	15	**(2,810,841)**	(4,991)
Loss before income tax		**(3,056,577)**	(167,124)
Income tax (expense)/credit	9	**(1,490)**	4,302
Loss for the period		**(3,058,067)**	(162,822)
Loss attributable to:			
–Owners of the company		**(3,058,067)**	(162,822)

	Note	Six months ended 30 September	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Loss per share attributable to owners of the Company (expressed in RMB per share)			
–Basic and diluted	10	**(4.64)**	(0.76)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Currency translation differences		**(169,384)**	(417,999)
Items that may not be reclassified to profit or loss			
Currency translation differences		**199,500**	(338,317)
Fair value changes of redeemable convertible preferred shares due to own credit risk	15	**–**	(4,334)
Other comprehensive income/(loss) for the period, net of tax		**30,116**	(760,650)
Total comprehensive loss for the period		**(3,027,951)**	(923,472)
Total comprehensive loss attributable to:			
–Owners of the company		**(3,027,951)**	(923,472)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 14 to 30.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 September 2023** *RMB'000* **(Unaudited)**	As at 31 March 2023 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**44,184**	50,193
Right-of-use assets		**41,571**	56,814
Deferred income tax assets		**17,653**	19,142
Intangible assets		**692**	592
Other receivables and prepayments		**10,349**	12,947
Contract acquisition costs		**28,249**	31,215
Financial assets at fair value through profit or loss		**22,501**	27,881
Restricted cash		**1,030**	1,030
Total non-current assets		**166,229**	199,814
Current assets			
Contract acquisition costs		**22,047**	20,913
Contract assets		**4,227**	2,350
Trade receivables	11	**33,094**	22,593
Other receivables and prepayments		**14,579**	13,996
Financial assets at fair value through profit or loss		**1,002,682**	1,015,410
Term deposits		**37,056**	186,818
Restricted cash		**132**	175
Cash and cash equivalents		**585,814**	408,709
Total current assets		**1,699,631**	1,670,964
Total assets		**1,865,860**	1,870,778

	Note	As at 30 September 2023 RMB'000 (Unaudited)	As at 31 March 2023 RMB'000 (Audited)
Equity/(Deficits)			
Share capital	13	**48**	15
Share premium	13	**13,028,050**	623,064
Reserves		**(948,940)**	(1,164,394)
Accumulated losses		**(10,897,413)**	(7,815,314)
Equity/(Deficits) attributable to owners of the Company		**1,181,745**	(8,356,629)
Total equity/(deficits)		**1,181,745**	(8,356,629)
Liabilities			
Non-current liabilities			
Redeemable convertible preferred shares	15	**–**	9,408,379
Lease liabilities		**6,828**	22,312
Contract liabilities		**27,370**	30,055
Total non-current liabilities		**34,198**	9,460,746
Current liabilities			
Trade payables	12	**6,293**	6,766
Other payables and accruals		**183,321**	256,664
Contract liabilities		**427,895**	469,334
Lease liabilities		**32,408**	33,897
Total current liabilities		**649,917**	766,661
Total liabilities		**684,115**	10,227,407
Total equity/(deficits) and liabilities		**1,865,860**	1,870,778

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 14 to 30.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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's ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

This interim condensed consolidated financial information (the "**Interim Financial Information**") is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise stated.

The Interim Financial Information has not been audited and was approved for issue on 27 November 2023.

2. Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of amended IFRSs effective as of 1 January 2023.

2.1 Basis of preparation

This Interim Financial Information for the six months ended 30 September 2023 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, this Interim Financial Information is to be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2023 and any public announcements made by the Company during the interim reporting period.

2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2023.

2.2.1 Changes in accounting policy and disclosures

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 2023:

		Effective for annual periods beginning on or after
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The above standards did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments to standards and interpretations not yet adopted

The following certain new accounting standards and interpretations have been published and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1	Non-current liabilities with covenants	1 January 2024
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 income upon adopting these standards, amendments to standards and interpretations to the existing IFRSs.

3. Critical accounting estimates

The preparation of Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 March 2023.

4. 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 chief operating decision-maker ("**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 six months ended 30 September 2023 and 2022 were generated in the Mainland China.

As at 30 September 2023, all of the Group's long-lived assets are located in the Mainland China.

5. Revenues from contracts with customers

Revenue for the six months ended 30 September 2023 and 2022 are as follows:

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cloud-based HCM Solutions	**296,476**	253,268
Professional Services	**104,057**	97,498
	400,533	350,766

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

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Recognized over time	**349,976**	297,548
Recognized at a point in time	**50,557**	53,218
	400,533	350,766

6. Other income

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Value added tax ("**VAT**") refund	**19,417**	14,097
Government grants	**11,482**	2,346
Additional deductible input tax	**214**	680
Others	**163**	146
	31,276	17,269

7. Other gains, net

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Net fair value gains on financial assets at fair value through profit or loss	**9,291**	21,191
Net gains on disposal of property, plant and equipment	**139**	30
Net foreign exchange (losses)	**(2,159)**	(564)
Others	**(1,015)**	(1,398)
	6,256	19,259

8. Expenses by nature

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Employee benefit expenses	**582,254**	441,716
Technical service fees	**17,394**	16,094
Depreciation of right-of-use assets	**16,000**	20,279
Depreciation and amortization expenses	**13,038**	11,063
Traveling expenses	**11,179**	9,139
Professional fees	**10,636**	5,338
Marketing expenses	**8,278**	12,533
Entertainment expenses	**4,879**	3,874
Tax surcharges	**4,248**	3,413
Short-term rental and utilities expenses	**3,972**	5,501
Listing expenses	**2,470**	6,447
Office expenses	**2,033**	6,710
Conference fees	**1,248**	260
Recruitment expenses	**155**	557
Others	**5,179**	5,260
	682,963	548,184

9. Income tax expense/(credit)

The income tax expense/(credit) of the Group for the six months ended 30 September 2023 and 2022 are analyzed as follows:

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax	**–**	–
Deferred income tax	**1,490**	(4,302)
Income tax expense/(credit)	**1,490**	(4,302)

(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 *(Note 15)*, 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$2 million and 16.5% or any assessable profits in excess of HK$2 million. Hong Kong profits tax was provided for the assessable profit that was subject to Hong Kong profits tax during the six months ended 30 September 2023 and 2022.

(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 the six months ended 30 September 2023 and 2022, 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 2018 onwards, enterprises engaged in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). According to the relevant laws and regulations that was effective from 2022, the tax deductible ratio was increased to 200%. 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 the six months ended 30 September 2023 and 2022.

(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 the six months ended 30 September 2023 and 2022, 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.

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Audited)
Numerator:		
Loss for the period and attributable to owners of the Company *(in RMB'000)*	**(3,058,067)**	(162,822)
Denominator:		
Weighted average number of ordinary shares outstanding, basic *(i)*	**658,809,595**	213,740,420
Basic net loss per share attributable to owners of the Company *(in RMB)*	**(4.64)**	(0.76)

Note:

(i) The weighted average number of ordinary shares has been retrospectively adjusted for the effect of 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 six months ended 30 September 2022 and 2023, 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 six months ended 30 September 2022 and 2023 was the same as basic loss per share of the respective period.

11. Trade receivables

	As at 30 September 2023 ***RMB'000*** **(Unaudited)**	As at 31 March 2023 *RMB'000* (Audited)
Trade receivables from contracts with customers	**39,017**	26,370
Less: allowance for impairment of trade receivables	**(5,923)**	(3,777)
	33,094	22,593

(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 30 September 2023 ***RMB'000*** **(Unaudited)**	As at 31 March 2023 *RMB'000* (Audited)
– Up to 6 months	**28,586**	18,582
– 6 months to 1 year	**4,704**	3,220
– 1 year to 2 years	**4,448**	3,902
– Over 2 years	**1,279**	666
	39,017	26,370

The Group applies the simplified approach permitted by IFRS 9, which requires the expected lifetime losses to be recognized from initial recognition of the assets. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

12. Trade Payables

	As at 30 September 2023	As at 31 March 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**6,293**	6,766

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

	As at 30 September 2023	As at 31 March 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Up to 6 months	**6,293**	6,766

13. Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares *USD'000*
Authorized, par value of US$0.00001 each:		
As at 1 April 2022	452,124,515	45
As at 30 September 2022	**452,124,515**	**45**
As at 1 April 2023	452,124,515	5
Effect of share subdivision *(a)*	4,069,120,635	40
Conversion of preferred shares to ordinary shares *(b)*	478,754,850	5
As at 30 September 2023	**5,000,000,000**	**50**

	Number of ordinary shares	Nominal value of ordinary shares *USD'000*	Equivalent Nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*
Issued, par value of US$0.00001 each:				
As at 1 April 2022	21,374,042	2	15	623,064
As at 30 September 2022(Audited)	**21,374,042**	**2**	**15**	**623,064**
As at 1 April 2023	21,374,042	2	15	623,064
Effect of Share Subdivision *(a)*	192,366,378	–	–	–
Conversion of preferred shares to ordinary shares *(b)*	469,750,850	5	32	12,206,083
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs *(c)*	8,044,000	–	1	198,903
As at 30 September 2023 (Unaudited)	**691,535,270**	**7**	**48**	**13,028,050**

(a) On 23 March 2023, the shareholders of the Company resolved the Share Subdivision pursuant to which each of the issued and unissued shares with par value of US$0.0001 each be subdivided into 10 shares of the corresponding class with nominal value of US$0.00001 each, which was effective immediately before the completion of the Global Offering on 13 April 2023.

(b) According to the terms and conditions of the redeemable convertible preferred shares, each redeemable convertible preferred share should be automatically converted into ordinary shares on a one-on-one basis upon the closing of the initial public offering. All redeemable convertible preferred shares of the Company were converted into ordinary shares immediately before the completion of the Global Offering on 13 April 2023 accordingly. All newly issued ordinary shares are ranked pari passu with the existing ordinary shares in all aspects.

(c) On 13 April 2023, the Company issued 8,044,000 ordinary shares for HK$29.70 per share through initial public offering, which raised net proceeds of approximately RMB199,479,000. The Company's share capital and share premium was increased by approximately US$80 (equivalent to RMB552) and RMB198,903,000, being the gross proceeds net of share issuance costs. All newly issued ordinary shares are ranked pari passu with the existing ordinary shares in all aspects.

14. Share-based payments

Total expenses arising from share-based payment transactions recognized during the six months ended 30 September 2023 and 2022 were as follows:

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Share-based payments–ESOP *(a)*	**160,627**	5,692
Share-based payments–RSU *(b)*	**679**	–
	161,306	5,692

(a) Share-based payments–ESOP

On 15 July 2019, the Company adopted the 2019 Share Incentive Plan (the "**2019 Plan**"), which permits the grant of options to the employees and directors of the Company and its affiliates. The Maximum number of shares that may be issued under the 2019 Plan shall be 6,693,252.

On 23 April 2020, the Company adopted the 2020 Share Incentive Plan (the "**2020 Plan**", collectively with the 2019 Plan, "**Employee Stock Ownership Plan**", or "**ESOP**"), whereby the incentive share options granted to employees in 2019 Plan were replaced and superseded by the exact number of share options for each grantee. There is no change of vesting schedule and other key terms of such award agreements entered into with each grantee and the classification of share-based awards immediately before and after the adoption of 2020 Plan. As at 31 March 2021, the maximum number of shares that may be issued under the 2020 Plan was 6,770,877 ordinary shares. This number was increased to 7,911,919 on 9 April 2021, and further increased to 7,972,883 on 26 September 2021 and 31 December 2021. (Collectively, the "**Pre-IPO Share Option Plan**").

The options shall vest under service condition and the Company's successful IPO. The granted options have a contractual option term of five years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options granted to employees under ESOP and their related weighted average exercise prices are as below:

	Six months ended 30 September			
	2023		2022	
	(Unaudited)		(Audited)	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
	USD	***'000***	*USD*	*'000*
At beginning of the period	**1.23**	**7,788**	1.96	4,322
Granted during the period	**–**	**–**	4.87	373
Forfeited during the period	**(2.66)**	**(125)**	3.77	(125)
Effect of share subdivision *(i)*	**–**	**68,975**	–	–
At end of the period	**0.12**	**76,638**	2.15	4,570

(i) It represented the effects of adjustments made to the numbers of shares as a result of the Share Subdivision.

(b) Share-based payments–RSU

On 31 December 2021, the Company adopted a restricted share unit plan (the "**RSU Plan**"), under which, the maximum number of shares that may be issued under the RSU Plan is 6% of the issued share capital of the Company as of the date of approval of the RSU Plan.

On 1 August 2023, the Board resolved to grant a total of 1,170,000 RSUs to 20 grantees, among which the offer of 130,000 RSUs was declined and therefore lapsed. As a result, the Company actually granted a total of 1,040,000 RSUs, representing an aggregate of 1,040,000 Shares, to 18 Grantees pursuant to the Share Award Scheme. As at 30 September 2023, an aggregate of 39,969,476 Shares will be available for further grant pursuant to the Share Award Scheme.

The Award shall vest in four years subject to fulfillment of the KPI of each year. The fair value of each RSU was determined by reference to the market price of the Company's shares at the respective grant date.

Movements in the number of RSUs granted to the Company's employees under the RSU Scheme and the respective weighted average grant date fair value are as below:

	Six months ended 30 September 2023 (Unaudited) Number of options ***'000***
At beginning of the period	**–**
Granted during the period	**1,040**
Effect of the Modification	**–**
Forfeited during the period	**–**
At end of the period	**1,040**

The fair value of each RSU was determined by reference to the market price of the Company's shares at the respective grant date. Weighted average grant date fair value per RSU was HK$8.76 during the six months ended 30 September 2023.

The share-based compensation expenses of RMB0.7 million were recognized in the interim condensed consolidated statement of comprehensive income for the six months ended 30 September 2023, respectively.

15. Redeemable convertible preferred shares

(a) Issuance of Preferred shares

A. Issuance Series A to E-2 Redeemable Convertible Preferred Shares

From September 2018 to June 2020, the Company issued 5,051,552 Series A Redeemable Convertible Preferred Shares ("**Series A Preferred Shares**"), 8,985,728 Series B Redeemable Convertible Preferred Shares ("**Series B Preferred Shares**"), 2,120,830 Series B-1 Redeemable Convertible Preferred Shares ("**Series B-1 Preferred Shares**"), 7,291,583 Series C Redeemable Convertible Preferred Shares ("**Series C Preferred Shares**"), 6,173,503 Series D Redeemable Convertible Preferred Shares ("**Series D Preferred Shares**"), 5,024,659 Series E-1 Redeemable Convertible Preferred Shares ("**Series E-1 Preferred Shares**") and 2,556,936 Series E-2 Redeemable Convertible Preferred Shares ("**Series E-2 Preferred Shares**"), (collectively with Series E-1 Preferred Shares, "**Series E Preferred Shares**").

B. Issuance of Series F Redeemable Convertible Preferred Shares

On 9 April 2021, the Company entered into an agreement with SVF II Cortex Subco (DE) LLC, Mercer Investments (Singapore) Pte. Ltd., Bargate Investment Holdings One Limited, Fidelity China Special Situations PLC, Fidelity Funds, Fidelity Investments Funds, Space Trek L.P., MATRIX PARTNERS CHINA V HONG KONG LIMITED, GC HCM (BVI) Limited, GC HCM Holdings Limited, SCC Growth VI Holdco E, Ltd. and SCGC Capital Holding Company Limited, and issued 4,104,113; 1,231,234; 1,231,234; 663,808; 552,070; 15,356; 820,823; 410,411; 328,329; 205,206; 697,699 and 410,411 Series F Redeemable Convertible Preferred Shares ("**Series F Preferred Shares**") for cash consideration of US$100 million, US$30 million, US$30 million, US$16.2 million, US$13.5 million, US$0.4 million, US$20 million, US$10 million, US$8 million, US$5 million, US$17 million and US$10 million respectively.

C. *Share Repurchase Concurrently with Issuance of Series F Redeemable Convertible Preferred Shares*

Concurrently with the issuance of Series F Preferred Shares, 412,000, 366,300 and 122,100 Series D Preferred Shares were repurchased by the Company from three Series D Preferred Shareholders respectively, and 100,642 and 140,000 Ordinary Shares were repurchased by the Company from two Ordinary Shareholders respectively at a consideration of US$21.9 per share. The Company derecognized the carrying amount of relevant Series D Preferred Shares, whereby the difference between the consideration and the fair value of the redeemable convertible preferred shares, for RMB37,889,000, is recognized as share-based payment expenses.

The Series A, B, B-1, C, D, E-1, E-2 and F Preferred Shares are collectively referred to as the "Preferred Shares".

(b) Conversion of Preferred Shares

Each Preferred Share may, at the option of the Preferred Shareholders thereof, be converted at any time into fully-paid and nonassessable Ordinary Shares based on the then-effective Applicable Conversion Price.

In addition, each Preferred Share shall automatically be converted, based on the then-effective Applicable Conversion Price, without any action being required by the holder of such share and whether or not the certificates representing such share are surrendered to the Company or its transfer agent, into Ordinary Shares upon the closing of a qualified initial public offering ("**Qualified IPO**").

The Applicable Conversion Price shall initially equal the Applicable Original Issue Price, and each shall be adjusted from time to time due to: a) issuance of additional ordinary shares without consideration or for a consideration per share received by the Company that is less than the Applicable Conversion Price in effect on the date of and immediately prior to such issue, b) share dividends, subdivisions, combinations or consolidations of Ordinary Shares, c) other distributions, d) reclassification, exchange and substitution. For avoidance of doubt, the initial conversion ratio for the Preferred Shares to Ordinary Shares shall be 1:1.

Immediately before the completion of the Global Offering on 13 April 2023, all Redeemable Convertible Preferred Shares were converted into ordinary shares on a one-for-one basis. The fair value of each of redeemable convertible preferred share on the conversion date is the offer price in the Global Offering. The differences of the fair value related to the Redeemable Convertible Preferred Shares between 31 March 2023 and the date of the conversion were then recognized in the profit or loss for the six months ended 30 September 2023.

The movement of the redeemable convertible preferred shares is set out as below:

	RMB'000
As at 1 April 2022	**6,610,924**
Changes in fair value through profit or loss	4,991
Changes in fair value through other comprehensive income	4,334
Foreign exchange adjustments	783,223
As at 30 September 2022(Audited)	**7,403,472**
As at 1 April 2023	**9,408,379**
Changes in fair value through profit or loss	2,810,841
Foreign exchange adjustments	(13,105)
Conversion of convertible redeemable preferred shares to ordinary shares	(12,206,115)
As at 30 September 2023(Unaudited)	**–**

The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the redeemable convertible preferred shares as at the dates of issuance and at the end of each reporting period.

16. Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during the six months ended 30 September 2022 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the Reporting Period, the Group's total revenue was RMB400.5 million, representing a year-on-year increase of 14.2%. This increase was primarily driven by the increased revenues generated from subscriptions to our cloud-based HCM solutions. In particular, the revenue from cloud-based HCM solutions was RMB296.5 million, representing a year-on-year increase of 17.1%, accounting for 74.0% of the total revenue (same period in 2022: 72.2%). Revenue from professional services was RMB104.0 million, representing a year-on-year increase of 6.7%, accounting for 26.0% of the total revenue (same period in 2022: 27.8%).

During the Reporting Period, we have incurred net losses of RMB3,058.1 million (same period in 2022: RMB162.8 million). Additionally, our adjusted net loss (a non-IFRS measure) decreased from RMB152.1 million for the six months ended 30 September 2022 to RMB86.0 million for the Reporting Period, representing a year-on-year decrease of 43.5%, primarily due to proactive cost control measures taken by the Company to improve the operating efficiency.

During the Reporting Period, the Group's net cash used in operating activities was RMB175.2 million as compared with RMB186.1 million for the same period in 2022.

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 RMB400.5 million in the Reporting Period, representing a year-on-year increase of 14.2% (same period in 2022: RMB350.8 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 periods indicated.

	For the six months ended 30 September				
	2023		2022		Change
	Amount	**As a percentage of revenue**	Amount	As a percentage of revenue	
	RMB'000	***%***	*RMB'000*	*%*	*%*
Cloud-based HCM solutions	**296,476**	**74.0**	253,268	72.2	17.1
Professional services	**104,057**	**26.0**	97,498	27.8	6.7
Total	**400,533**	**100.0**	350,766	100.0	14.2

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 17.1% from RMB253.3 million for the six months ended 30 September 2022 to RMB296.5 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 4,900 as at 30 September 2022 to over 5,300 as at 30 September 2023. We achieved a subscription revenue retention rate of 104% for the Reporting Period. Accordingly, our ARR experienced a growth from RMB618.9 million as at 30 September 2022 to RMB700.5 million as at 30 September 2023. Total bookings increased by 15.9% from RMB415.9 million for the six months ended 30 September 2022 to RMB482.2 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 35.1% from RMB251.0 million as at 30 September 2022 to RMB339.2 million as at 30 September 2023. As at 30 September 2023, ARR for our *Core HCM Integration* accounted for 48.4% of our total ARR. We acquired 300 new *Core HCM Integration* customers in the Reporting Period, bringing the total number of our *Core HCM Integration* customers to over 1,600 cumulatively and we achieved a subscription revenue retention rate of 114% 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 increased by 6.7% from RMB97.5 million for the six months ended 30 September 2022 to RMB104.0 million for the Reporting Period.

Cost of Revenues

Our cost of revenues were RMB163.5 million (same period in 2022: RMB161.5 million), representing a year-on-year increase of 1.2%. Our cost of revenues after excluding the share-based compensation were RMB145.2 million (same period in 2022: RMB160.8 million), representing a year-on-year decrease of 9.7%, the percentage of which as a percentage of revenue decreased from 45.8% for the six months ended 30 September 2022 to 36.3% for the Reporting Period.

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 six months ended 30 September				
	2023		2022		Change
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cloud-based HCM solutions	**224,497**	**75.7**	189,439	74.8	18.5
Professional services	**12,513**	**12.0**	(124)	(0.1)	(10,191.1)
Total	**237,010**	**59.2**	189,315	54.0	25.2

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 RMB189.3 million and RMB237.0 million for the six months ended 30 September 2022 and the Reporting Period, respectively. Our overall gross margin increased from 54.0% for the six months ended 30 September 2022 to 59.2% for the Reporting Period.

After excluding the share-based compensation, our adjusted gross profit (a non-IFRS measure) increased from RMB190.0 million for the the six months ended 30 September 2022 to RMB255.3 million for the Reporting Period and our adjusted gross margin (a non-IFRS measure) increased from 54.2% for the six months ended 30 September 2022 to 63.7% for the Reporting Period.

Cloud-based HCM solutions

Gross profit for our cloud-based HCM solutions increased from RMB189.4 million for the six months ended 30 September 2022 to RMB224.5 million for the Reporting Period. Gross margin for our cloud-based HCM solutions remained relatively stable at 74.8% and 75.7% for the six months ended 30 September 2022 and the Reporting Period, respectively.

After excluding the share-based compensation, the adjusted gross profit (a non-IFRS measure) for our cloud-based HCM solutions increased from RMB189.7 million for the the six months ended 30 September 2022 to RMB231.7 million for the Reporting Period and the adjusted gross margin (a non-IFRS measure) for our cloud-based HCM solutions increased from 74.9% for the six months ended 30 September 2022 to 78.1% for the Reporting Period.

Professional services

For the six months ended 30 September 2022, our professional services experienced a gross loss of RMB0.1 million, which has notably improved to a gross profit of RMB12.5 million for the Reporting Period. Similarly, the gross margin for our professional services has made a significant turnaround, from a negative margin of 0.1% previously, to a positive 12.0% in the Reporting Period.

After excluding the share-based compensation, the adjusted gross profit (a non-IFRS measure) for our professional services increased from RMB0.3 million for the the six months ended 30 September 2022 to RMB23.6 million for the Reporting Period and adjusted gross margin (a non-IFRS measure) for our professional services increased from 0.3% for the six months ended 30 September 2022 to 22.7% for the Reporting Period.

Selling and Marketing Expenses

Our selling and marketing expenses were RMB232.3 million (same period in 2022: RMB177.4 million), representing a year-on-year increase of 30.9%. Our selling and marketing expenses after excluding the share-based compensation were RMB178.4 million (same period in 2022: RMB174.4 million), representing a year-on-year increase of 2.3%, the percentage of which as a percentage of revenue decreased from 49.7% for the six months ended 30 September 2022 to 44.5% for the Reporting Period.

General and Administrative Expenses

Our general and administrative expenses were RMB100.2 million (same period in 2022: RMB64.4 million), representing a year-on-year increase of 55.6%. Our general and administrative expenses after excluding the share-based compensation were RMB61.7 million (same period in 2022: RMB64.3 million), representing a year-on-year decrease of 4.0%, the percentage of which as a percentage of revenue decreased from 18.3% for the six months ended 30 September 2022 to 15.4% for the Reporting Period.

Research and Development Expenses

Our research and development expenses were RMB187.0 million (same period in 2022: RMB144.9 million), representing a year-on-year increase of 29.1%. Our research and development expenses after excluding the share-based compensation were RMB136.4 million (same period in 2022: RMB142.9 million), representing a year-on-year decrease of 4.5%, the percentage of which as a percentage of revenue decreased from 40.7% for the six months ended 30 September 2022 to 34.1% for the Reporting Period.

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 RMB2.6 million and RMB4.6 million for the six months ended 30 September 2022 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 increased from RMB17.3 million for the six months ended 30 September 2022 to RMB31.3 million for the Reporting Period, primarily attributable to the increase in government grants of RMB9.2 million and the increase in value added tax refund of RMB5.3 million.

Other Gains, Net

Our other gains, net decreased from RMB19.3 million for the six months ended 30 September 2022 to RMB6.3 million for the Reporting Period, primarily due to the decrease in net fair value gains on financial assets at fair value through profit or loss of RMB11.9 million and the increase in net foreign exchange losses of RMB1.6 million.

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 increased from RMB1.4 million for the six months ended 30 September 2022 to RMB3.7 million for the Reporting Period, primarily due to the increase in finance income of RMB1.7 million and the decrease in interest expenses on lease liabilities of RMB0.7 million.

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-lPO 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 six months ended 30 September 2022 and the Reporting Period, we had fair value changes of redeemable convertible preferred shares of a loss of RMB5.0 million and a loss of RMB2,810.8 million, respectively, as a result of changes in the valuation of our Company. After 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 any further change in fair value liabilities in respect of them. The fair value of each of redeemable convertible preferred share on the conversion date is the offer price in the Global Offering.

Loss before Income Tax

As a result of the foregoing, we recorded loss before income tax of RMB167.1 million and RMB3,056.6 million for the six months ended 30 September 2022 and the Reporting Period, respectively.

Income Tax Expense

We recorded income tax expense of RMB1.5 million for the Reporting Period, as compared to income tax credit of RMB4.3 million for the six months ended 30 September 2022.

Loss for the period

As a result of the foregoing, we recorded loss for the period of RMB162.8 million and RMB3,058.1 million for the six months ended 30 September 2022 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 gross profit (a non-IFRS measure) and adjusted net loss (a 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 gross profit (a non-IFRS measure) and adjusted net loss (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of the 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.

Non-IFRS Financial Measure

We define adjusted net loss (a non-IFRS measure) as loss for the period adjusted by adding back share-based payments, and fair value changes of redeemable convertible preferred shares. We define adjusted gross profit (a non-IFRS measure) as gross profit adjusted by adding back share-based payments included in cost of revenues.

The following table reconciles our adjusted gross profit (a non-IFRS measure) and adjusted net loss (a 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 six months ended 30 September		
	2023	2022	Change
	RMB'000	*RMB'000*	*%*
Gross profit	**237,010**	189,315	25.2
Add:			
Share-based payments included in cost of revenues	**18,328**	655	2,698.2
Adjusted gross profit (a non-IFRS measure)	**255,338**	189,970	34.4
Loss for the period	**(3,058,067)**	(162,822)	1,778.2
Add:			
Share-based payments	**161,306**	5,692	2,733.9
Fair value changes of redeemable convertible preferred shares	**2,810,841**	4,991	56,218.2
Adjusted net loss (a non-IFRS measure)	**(85,920)**	(152,139)	(43.5)

Notes:

1. Share-based payments relates to the share rewards we offered to our employees, which is a non-cash expense.

2. 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. After the completion of the Global Offering, such redeemable convertible preferred shares were automatically converted into ordinary shares of our Company and one-off change in fair value of RMB2,810.8 million was recorded. No further fair value changes will be recognised thereafter.

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 RMB585.8 million as at 30 September 2023, as compared to RMB408.7 million as at 31 March 2023. As at 30 September 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 at 30 September 2023, the Group's gearing ratio was 36.7% as compared with the gearing ratio of 546.7% as at 31 March 2023. The redeemable convertible preferred shares accounts for 0% and 92.0% of the totally liabilities as at 30 September 2023 and 31 March 2023, respectively.

CONTINGENT LIABILITIES

As at 30 September 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 at 31 March 2023 and 30 September 2023 but not recognized as liabilities were as follows:

	As at 30 September 2023	As at 31 March 2023	Change
	RMB'000	*RMB'000*	*%*
Within 1 year	**1,311**	2,751	(52.3)

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 income.

During the Reporting Period, the Group operated in Mainland 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. The Company's functional currency is USD. We are primarily exposed to changes in HKD/RMB and USD/RMB exchange rates.

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 six months ended 30 September 2022 and the Reporting Period, we did not have any derivative financial instrument for which hedging accounting was applied. The management of the Company will continue to pay attention to the Group's foreign exchange exposure and consider adopting prudent measures as appropriate.

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 the management of the Company performs ongoing credit evaluations of the counterparties. 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.

As at 31 March 2023, redeemable convertible preferred shares were classified as a non-current liability, because the Preferred Shareholders of the Company cannot demand the Company to redeem their preferred shares within 12 months as at 31 March 2023. As at 30 September 2023, the Company do not recognize any redeemable convertible preferred shares since all of such shares have been automatically converted to our Shares after the completion of the Global Offering on 13 April 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 at 30 September 2023, we did not pledge any of our assets.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, 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. Save for the purchases of the wealth management products announced by the Company dated 3 August 2023 and 22 September 2023, the wealth management products subscribed 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. 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 at 30 September 2023, the aggregated outstanding principal amount of the Group' s wealth management products was RMB993.5 million, and the wealth management products (measured at fair value through profit or loss) as a percentage to the Group's total asset was 53.2%. As at 30 September 2023, the outstanding principal amount of certain wealth management products subscribed by the Group from Bank of China was RMB694.0 million, and the fair value of which was RMB701.4 million, accounted for 37.6% of the Group's total assets (some of these wealth management products were subscribed before the Listing Date with the outstanding principal amount of RMB234.0 million and the fair value of RMB240.2 million as at 30 September 2023, accounted for 12.9% of the Group's total assets). The expected return rate for these products from Bank of China was 1.1% to 3.5%. Save as disclosed above, as at 30 September 2023, there were no other outstanding wealth management products (in aggregate) subscribed from any single licensed bank that exceed 5% of the Group's total assets.

Each of the following outstanding wealth management products had a percentage of over 5% to the Group's total assets as at 30 September 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 at 30 September 2023
22 September 2023	24 September 2024	Linked Structured Deposit (institutional clients)	Bank of China	RMB150.0 million	Principal-guaranteed with guaranteed minimum return	1.2%–3.1%	USD/JPY exchange rate	150.1 million; 8.0%
22 September 2023	24 September 2024	Linked Structured Deposit (institutional clients)	Bank of China	RMB100.0 million	Principal-guaranteed with guaranteed minimum return	1.2%–3.1%	USD/JPY exchange rate	100.0 million; 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 six months ended and as at 30 September 2023, the Group did not have plans for material investments and capital assets.

EMPLOYEES

As at 30 September 2023, we had 1,901 (as at 30 September 2022: 2,295) employees in total. For the Reporting Period, we incurred staff costs (including salaries, wages, bonuses, pension costs, other social security costs, housing benefits and other employee benefits and share-based compensation) of RMB582.3 million 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.

The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides the employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations.

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events after 30 September 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. The Company received net proceeds (after deduction of underwriting fees and commissions and estimated expenses payable by us) in connection with the Global Offering in the amount of approximately HK$155.0 million *(Note (1))*. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering and the actual use of net proceeds as at 30 September 2023 are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering *(HK$ million)*	Utilised net proceeds from the Global Offering as at 30 September 2023(2) *(HK$ million)*	Unutilized net proceeds from the Global Offering as at 30 September 2023 *(HK$ million)*	Expected timeline of full utilization of the unutilized net proceeds(1)
Further upgrade our integrated cloud-based HCM solutions					
(a) Integrate more seamlessly our cloud-based HCM solutions	15%	23.3	0.1	23.2	Before 31 December 2028
(b) Enhance the functionality and features of our Core HCM Solutions	15%	23.3	0.5	22.8	Before 31 December 2028
(c) Upgrade our other HCM solutions	5%	7.8	0.7	7.1	Before 31 December 2028
Continue to enhance our technology development capabilities					
(a) Upgrade our PaaS infrastructure	20%	31	0.2	30.8	Before 31 December 2028
(b) Expand R&D teams with enhanced R&D efficiency	10%	15.5	0.2	15.3	Before 31 December 2028
Strengthen our sales and marketing efforts					
(a) Expand our sales force nationwide	7%	10.9	4.1	6.8	Before 31 December 2024
(b) Expand and diversify our sales and marketing channels	5%	7.8	5.1	2.7	Before 31 December 2024
(c) Improve our sales and marketing technologies	3%	4.7	0.3	4.4	Before 31 December 2028
Enhance our customer success and services capabilities	10%	15.5	1.6	13.9	Before 31 December 2028
Working capital and general corporate purposes	10%	15.2	0	15.2	Not Applicable
Total	100%	155.0	12.8	142.2	

Notes:

(1) Since the expenses payable in connection with the Global Offering were not finalized as at the date of this announcement, the amount of net proceeds remains subject to changes and finalization.

(2) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

(3) The amount is calculated based on the benchmark exchange rate of RMB against Hong Kong Dollars as announced by the People's Republic of China on the date of this announcement (i.e. HK$1.00 to RMB0.92).

The Company will use the remaining proceeds for the purpose as disclosed in the Prospectus.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 September 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. The shares of the Company were listed on the Stock Exchange on 13 April 2023, since which time the CG Code as contained in Appendix 14 to the Listing Rules was applicable to the Company.

In the opinion of the Directors, since the Listing Date and during the rest of the Reporting Period, the Company had 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.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she had complied with the requirements as set out in the Model Code since the Listing Date and during the rest of the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance with the Model Code by the employees was noted by the Company since the Listing Date and during the rest of the Reporting Period.

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

Since the Listing Date and during the rest of the Reporting Period, the Company had not repurchased, sold or redeemed any Shares.

AUDIT COMMITTEE

The Audit Committee consists of three Directors, namely Mr. Zhao Hongqiang, Mr. Ge Ke and Mr. Du Kui. Mr. Zhao Hongqiang, who has financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and Stock Exchange).

The Audit Committee has jointly reviewed with the management of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim financial information for the six months ended 30 September 2023) of the Group. The Audit Committee considered that the interim financial information is in compliance with the applicable accounting standards, laws and regulations.

SCOPE OF WORK OF AUDITOR

The interim financial information of the Group for the six months ended 30 September 2023 is unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the entity" issued by the International Auditing and Assurance Standards Board.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim 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 interim report of the Company for the Reporting Period 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.

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:

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Audit Committee"	the audit committee of the Board
"Board", "our Board" or "Board of Directors"	the Board of Directors of our Company
"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 the Company
"FY2023"	the year ended 31 March 2023
"FY2024"	the year ending 31 March 2024
"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
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "Hong Kong SAR" 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 six months ended 30 September 2023
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China

"RSU(s)"	restricted share unit award(s) to be granted to participants under the RSU Plan
"RSU Plan"	the restricted share unit plan of our Company adopted by the Board on 31 December 2021, and subsequently amended by the Board on 23 March 2023
"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$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD" or "US$" or "US dollar"	United States Dollar, the lawful currency of the United States of America
"%"	per cent.

In this announcement, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.

GLOSSARY OF TECHNICAL TERMS

"AI"	artificial intelligence
"AIGC"	artificial intelligence generated content
"app" or "application"	application software designed to run on smartphones and other mobile devices
"ARR" or "annual recurring revenue"	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
"BI"	business intelligence
"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

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

PRC, 27 November 2023

As of 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.