

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Beisen Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9669)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The Board hereby announces the consolidated annual results of the Group for the year ended 31 March 2024 together with the comparative figures for the year ended 31 March 2023. The consolidated annual results of the Group for the Reporting Period have been audited by the Company's auditor and reviewed by the Audit Committee.

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

FINANCIAL HIGHLIGHTS

The key financial highlights are as follows:

	For the year ended 31 March		Change %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
Revenue	854,741	750,914	13.8
Gross profit	514,927	415,564	23.9
Adjusted gross profit (a non-IFRS measure) ¹	546,898	423,282	29.2
Loss for the year	(3,208,587)	(2,598,992)	23.5
Adjusted net loss (a non-IFRS measure) ²	(105,366)	(300,555)	(64.9)
Net cash used in operating activities	82,469	148,795	(44.6)

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 year adjusted by adding back share-based payments, and fair value changes of redeemable convertible preferred shares.

BUSINESS REVIEW AND OUTLOOK

Industry Review

In 2023, with the continuous penetration and development of AI, cloud computing and other digital technologies, the digital transformation of enterprises has entered into uncharted waters. The digital economy has become an important base for fostering new productive forces and an accelerator for economic and social development. In such context, the supply of digital talents has not only become a basic element for the development of the digital economy but also a determining factor of its pace and level of growth.

The integrated HCM SaaS is a vital component in the digital transformation of human resources and it has been developed steadily. It has been providing robust support for enterprises to explore cost reduction and efficiency enhancement initiatives, and also presenting new opportunities for business growth. The overseas expansion strategy of Chinese enterprises has also become a market trend, which brings an emerging demand for overseas talent and cross-border human resources management. The synergy between human resources and AI is one of the major trends in China's cloud-based solution market. Leveraging the rapid growth and improvement of AI-generated content (AIGC), our HCM SaaS is advancing towards a more intelligent and data-driven direction.

Beisen is the only integrated cloud-based HCM solutions provider amongst the many participants in the Chinese cloud-based HCM solutions market and the only service provider who has built a unified and open PaaS infrastructure. As the digital economy and digital talent industry continues to flourish, we will achieve continuous growth and lead the digital transformation of human resources in Chinese enterprises.

Beisen's cloud-based HCM solution covers all the main HCM-using scenarios of the entire employment lifecycle, providing a comprehensive and integrated solution across functions. Beisen has consistently led the market share in China's HCM SaaS market for eight consecutive years, holding 15.3% in the first half of 2023. At the sub-market level, we have also been a top-ranking participant in China's Core HCM market, recruitment management and performance management in terms of market share. In addition, for years, we have maintained the leading position with the largest market share for assessment business in which we have accumulated more than 20 years of experience. In 2023, we were appointed as a technical activities unit of the Chinese Electronics Standardization Association and the Information Technology Application Innovation Working Committee (ITAIWC).

Business Review

In 2023, the economy of China continued to forge ahead amidst ongoing pressures, presenting both opportunities and challenges. Despite facing pressure in business growth, we have demonstrated remarkable resilience. Our customers generally extended their decision-making cycles and implemented more stringent procurement processes due to the economic uncertainty, resulting in a slower order cycle. Meanwhile, in 2023, the human resources management trends of enterprises changed. With the rapid development of information technology, and the application of advanced technologies such as AI and big data, the management of human resources is undergoing a profound digital transformation.

Enterprises began to emphasize on talent quality over quantity, and the application of assessment and evaluation technologies has become essential in the different scenarios in the recruitment process. Benefiting from AI-powered video interviews, the efficiency of interviews and the alignment between the candidates and the job requirements have been significantly improved. This technology enables companies to reduce recruitment costs through a more efficient and accurate recruitment process of suitable candidates. Enterprises are also placing greater emphasis on setting objectives for the company. A more unified and data-driven approach is adopted for managers and employees in their performance management. Thus, the demand for the implementation of a comprehensive and scientific performance management system significantly increased.

In the context of digitalization, the establishment and development of executive talent systems have become crucial to enterprises. In particular, such systems are essential to support and facilitate different management scenarios, such as, Qualification Management System (任職資格體系), Digital Talent (數字人才) (digital talent assessment), Key Talent Review (關鍵人才盤點). In order to efficiently integrate new employees into the workplace as well as continuously improve the capabilities of existing employees, enterprises are expanding their application of our E-learning Cloud.

In such digital era, Beisen speeds up the research and development of its products and strives to push the boundaries of human resources scenarios. By making use of generative AI models in complex human resources contexts, we have expanded the application of human resources software, from traditional personnel management to a more comprehensive digitalized approach for talent development for our customers. Adapting to the new economic landscape, Beisen promptly adjusted its target industries to capitalize on emerging business opportunities. We focused on sectors such as major retail, major consumer goods, major manufacturing, new energy and basic energy which have shown rapid growth. The total revenue of Beisen reached RMB854.7 million during the Reporting Period, marking a 13.8% rise as compared with FY2023. Our cloud-based HCM solutions generated a total revenue of RMB632.2 million during the Reporting Period, a 17.7% increase as compared with the FY2023. The cloud-based

HCM solutions contributed to 74.0% of the total revenue, up by 2.5 percentage points from 71.5% for FY2023.

We offer a comprehensive suite of cloud-based and standardized HCM solutions covering a variety of customers' use cases across the entire employee lifecycle, from recruitment, probation, transfer, promotion to departure and retirement, enabling our customers to effectively recruit, evaluate, manage, develop and retain talents. We empower our customers to embrace technology innovations and changes in their operating environments through rapid releases of new products, new feature updates, breakthroughs in the application of AI technology and the continuous development of our integrated HCM solutions. Through this broad yet growing selection of adaptable and accessible HCM solutions, we are leading the way in helping organizations intelligize and optimize their human resources management.

Our main HCM solutions include:

Recruitment Cloud, a technology-enabled talent recruitment application, designed to help organizations streamline the recruitment process, achieving recruitment of high quality talents through technological and intellectual means.

Assessment Cloud, an application based on psychology and talent science, which is designed to help customers evaluate current and prospective employees, from their skills and capabilities to growth potential, through digitalized and intelligent assessment methods and leading algorithm, thereby ensuring reasonable allocation and effective utilization of talent, and thus promoting the continuous development and enhancing the competitiveness of the organization.

Core HCM Solutions, an one-stop solution that naturally integrates operation scenarios such as ***Human Resources Cloud***, ***Payroll Cloud*** and ***workforce management***, catering to organizations' Core HCM needs from new hire, onboarding, staffing management, implementation of corporate culture, employee attendance and payroll administration to more complex and sophisticated organization-wide initiatives, such as human resources budgeting, cost management and refined management of human resources and working hours, thereby comprehensively supports enterprises in managing human resources flexibly.

Performance Management Cloud, starting from decoding strategic targets, allows customers to align employee goals to strategies of the enterprise, continually tracks progress of targets and supports all-rounded performance assessments of employees and organization layer by layer, which contributes to the creation of corporate value for enterprises.

Succession Cloud, an application that provides real-time visibility into customers' talent pipeline and potential successors within their existing workforce from senior executives to individual contributors, creating a healthy and sustainable talent pipeline for enterprises.

E-learning Cloud, an online learning and training management platform designed for enterprise customers, supporting key use cases such as online courses, learning plans, online exams and training management, which facilitates enterprises in improving the capabilities of their talents and organizations as a whole.

People Analytics Solutions, a solution that is built upon the effective integration and information exchange across our different HCM solutions, allowing organizations to break information failures and convert unstructured data into actionable insights.

AI Family Product Bucket (AI Family 產品全家桶) (AI series products) innovatively combines AI big model and our experience of over 20 years in human resources management, reshaping the processes and scenarios of talent recruitment, assessment, nurturing, development, and employee experience to support the transformation of enterprises when they march into the era of intelligent talent management.

Our integrated platform features six modules, covering the full spectrum of the employment cycle from recruitment to departure. For new clients, we delve deeply into their business requirements and promote sales across multiple modules. For our existing clients, we continuously deepen our understanding of their business models to identify their needs and opportunities for further collaborations, thereby facilitating cross-module sales. As of 31 March 2024, our ARR from clients engaged in two or more modules accounts for 72.8%.

Meanwhile, we have developed and implemented a series of services strategies and comprehensively enhanced our service system with a range of strategies, such as online time management system, aiming to boost the overall service efficiency and enriching customer experience. Excluding the share-based payments from gross profits, for the Reporting Period, our gross profit margin (a non-IFRS measure) was 64.0%, up by 7.6 percentage points from FY2023. Specifically, the gross margin for cloud-based HCM solutions (a non-IFRS measure) increased by 3.8 percentage points to 78.8%, and the professional services gross margin (a non-IFRS measure) rose remarkably by 12.5 percentage points to 22.0%.

During the Reporting Period, we focused on our integrated HCM SaaS opportunities, specifically targeting at large-scale clients, cultivating the integration of HR SaaS and further refined the utilization of human resources. In particular, we improved the capability of our products and further widened the gap with the competitors by increasing our investment in the manufacturing and retail chain sectors. As of 31 March 2024, our total number of customers was 5,532 and we achieved a subscription revenue retention rate of 106%.

1. *Core HCM integration business grew in a solid manner. As of 31 March 2024, the ARR accounted for 51%, representing an increase of 31% as compared with FY2023, and the cumulative number of customers was close to reaching 1,900.*

Amid the macro-environment of manpower budgeting and cost control, human resources management for enterprises tends to be more refined. During the Reporting Period, Beisen announced the latest Comprehensive Payroll 2.0 which includes a budget control feature, assisting enterprises to exercise budget control scientifically and to further support large-scale enterprises to refine their operations, thereby significantly enhancing Beisen's competitive edge and market differentiation. Meanwhile, Beisen has made a significant breakthrough by launching the new qualification management system and talent assessment product. These products are designed to inspire employees' personal growth in a proactive manner and foster long-term organizational development. This signifies the transition of our Core HCM from digitizing personnel management to digitizing talent development. Additionally, Beisen has differentiated itself from the market by introducing innovative products such as Project Management, enabling precise operations management through project team personnel management, project labor cost allocation and project performance evaluation.

2. *Our integrated recruitment and assessment product in assisting organizations to channel their recruitment towards the enhancement of business value has evolved significantly, shifting from focusing on recruitment volume to enhancing recruitment quality. As of 31 March 2024, the ARR for recruitment and assessment integration business accounted for 22%.*

In 2023, uncertainty has become the new normal, making the talent recruitment market increasingly complex. Candidates prioritize stability, while companies strive for accuracy in their hiring processes. Recognizing these market dynamics, Beisen has launched the Interviewer Operations System, a new product which aims at improving the quality of recruitment for organizations. It helps enterprises make more accurate hires for critical positions by establishing unified interview evaluation standards, providing ready-to-use interview question banks, establishing levels of interviewers, and empowering interviewers to assess and evaluate candidates.

In addition, benefiting from our years of talent management research and active innovations, together with generative AI models, we launched the groundbreaking Beisen AI Interviewer (北森AI面试官), which is the first comprehensive and all-rounded candidate assessment tool in the industry, revolutionizing the way candidates are evaluated and enhancing recruitment efficiency for businesses.

Beisen has also introduced top-notch recruitment products that support multi-language versions and comply with data security requirements, aiming to create an integrated recruitment and training system for campus recruitment and thus enabling companies to accurately recruit suitable talents. For instance, one of our notable clients in the large-scale retail chain industry managed to reduce the cost of recruitment by 20% (equivalent to around RMB200 – 300 million) by using Beisen Recruitment Cloud. In addition, we have assisted a leading enterprise in the business-to-business office supplies services industry to standardize its talent recruitment standards based on qualifications through the implementation of our Interviewer Operations System, which provided the customers with an interview question bank with a satisfaction rate of over 90%.

- 3. Beisen has developed a closed-loop Performance Management Cloud, covering organizations and individuals, building a strategy-oriented system that supports decoding and targeting of strategies and prioritizing a people-centric approach to drive the effectiveness of individuals and organizations. Beisen's Performance Cloud enables support for enhancing corporate efficiency and value creation. As of 31 March 2024, the ARR from the performance management business recorded a year-on-year increase of 23%, and 356 new customers were secured during the Reporting Period.*

During the Reporting Period, we have introduced several new features to the Performance Management Cloud, allowing managers to assign goals directly, which enables rapid goal setting; enabling multi-dimensional permission management, which provides flexibility to accommodate various scenarios for granting permission within the organizations; and enhancing multi-organizational performance goal assessment scenarios, which further reinforce support for employees in achieving organizational goals and facilitating the attainment of organizational objectives.

- 4. E-Learning Cloud, a business-centered integrated talent development platform built around key positions, that allows the integration of talent cultivation and development. As of 31 March 2024, the ARR from E-Learning Cloud has experienced a year-on-year growth of 68% and has acquired 299 new customers during the Reporting Period.*

Facing the growing challenges of business operations, the training departments of enterprises are shifting their focus to the design of business empowerment training programs. During the Reporting Period, key upgrades to the Job Learning 2.0 function have been made to the E-Learning Cloud. By integrating job qualification systems, job competency models, and 360-degree assessments, employees can customize and adjust their learning progress based on their job competency assessment results, enabling tailored teaching materials to address individual employee's weaknesses, thus achieving precise enhancement of talent capabilities.

To enhance the learning experience of the new generation of employees and resolve the conflict between work and learning, we have launched a new gamified training program, the Guardian Senax (守護森納克斯). It provides real-time dynamic effects, immediate motivation, and interactive elements during the learning process. Additionally, we have upgraded the design and management capabilities of training programs, offering features such as training calendar management, support for offline assessments, automatic enrolment, and automated coaching. These enhancements ensure the effective operation of complex training projects.

5. *Beisen empowers organizations with data and allows customers to transform from digitalizing human resources to digitalizing talent.*

Digital transformation of enterprises has entered into uncharted waters. Digitalizing human resources enhances organizational efficiency while digitizing talent drives innovation and business development. Both digitalizing human resources and digitalizing talent require equal attention and effort.

In terms of digitalizing human resources, during the Reporting Period, Beisen introduced the People Analytics 3.0 product, which innovatively upgraded the analysis models for workforce performance and helped executives and the human resources teams to understand the pain points within the organization and identify the areas for improving workforce performance.

Regarding digitalizing talent, Beisen launched the Digital Talent (數字人才) system, which supports rapid identification and utilization of human resources and incorporates four core capabilities: intelligent talent tagging, precise talent search, comprehensive talent profiles, and multidimensional talent comparisons. This system assists enterprises in efficient talent acquisition, comprehensive talent assessment, and precise talent utilization. For instance, one of our notable clients in the dairy industry with over 40,000 employees managed to increase its human resources efficiency by 200% through the application of our Digital Talent system to digitalize its online talent management. In addition, it also increases its internal search efficiency by 150% through the implementation of our talent labelling system to realize full-scenario applications in labelling, displaying labels and using labels for internal talent search and thereby responding quickly to internal demands of talents.

6. *Our new product breakthrough represents a significant step towards the field of workforce management, focusing on the complex needs of large-scale manufacturing and chain industries.*

Workforce management has always been a challenging area for human resources SaaS solutions. Large-scale companies with over 10,000 employees in the manufacturing and retail sectors consider various factors in frontline workforce management, including business operations, cost management, compliance, and employee experience. Amid the general trend of cost reduction and efficiency enhancement, workforce management has consistently been a focal point and a difficult task for businesses. Leveraging our extensive experience in the human resources scenarios of manufacturing and retail industries, Beisen's SaaS platform has entered into the field of workforce management. It has developed a unique and integrated product with precise capabilities to help enterprises reduce costs, increase efficiency and refine operations. This also signifies a new pinnacle for Beisen's SaaS platform in terms of industry expertise and its ability to address complex and specialized scenarios within the industry.

7. *By leveraging AI large-scale models, we have developed the AI Family Product Bucket (AI Family 產品全家桶) that include remarkable AI-differentiated solutions.*

We are committed to leading technological innovation, as evidenced by obtaining 15 national invention patents for our product technologies. Leveraging our self-developed Luban PaaS platform and AI/BI technology foundation, combined with generative AI large-scale models and over 20 years of experience in the human resources field with continuous training and refinement, we have created Sen GPT, an AI model for workforce management. Integrating this model into our integrated HCM SaaS business and data scenarios, we introduced a range of groundbreaking new products, including Mr. Sen (森教練), AI Interviewer (AI面試官), and AI Interview Assistant (AI面試助手), based on generative AI technology, further expanding the range of Beisen's AI Family products.

Beisen's AI Interviewer is a state-of-the-art "talent-job matching" interviewer algorithm that provides comprehensive and multidimensional assessment of candidates. It intelligently evaluates resumes, conducts skill-based questioning, assesses competency potential, evaluates language proficiency, measures psychological traits and cognitive abilities, inquires about job preferences, and engages in multiple rounds of follow-up questioning. It helps enterprises enhance recruitment effectiveness by thoroughly assessing candidates' comprehensive attributes.

8. *The applications of our assessment products are innovative and evolving. Further penetrate the industry by focusing on state-owned enterprises and industry clients.*

We have accumulated over 20 years of industry experience. During the Reporting Period, our assessment products have continuously evolved. We have updated the reports of some of our key products, including the Ray-Tour assessment solution (銳途管理人員測評), High Potential Talents Assessment (HIPO Assessment) (基層潛才測評), the Key Position Assessment (關鍵崗位測評), the Insights Report for Campus Recruitment of 100,000-Person (校招十萬人團隊洞察報告), and the 360-degree Evaluation Reports for State-owned Enterprises (360評價的國企報告). We have also improved the user experience for our clients, by providing more focused and constructive evaluation conclusions. For our state-owned enterprise clients, we have released two special editions of the State-owned Enterprise Journal (央國企專刊) and one edition of the China Insurance Agent Job Research Report (中國保險代理人崗位研究報告). We have also organized several live broadcasts on topics related to state-owned enterprises. Additionally, we have designed online empowerment courses such as the Capability Modelling (能力建模), the Talent Review (人才盤點), the Campus Recruitment (校園招聘) and the Leadership Assessment (領導力測評) to provide online application guidance for our assessment users.

In addition, the Assessment Center has introduced various data analysis reports, which allow it to automatically generate talent recruitment processes and quality reports by integrating the data from our recruitment system. During the Reporting Period, we continued to advance our strategic initiative of “AI plus talent management (AI+人才管理)”. Through our in-house research and collaboration with AI technology partners like Baidu ERNIE Bot, we managed to widen our AI Family product range and launch the AI-powered leadership coaching product Mr. Sen.

Business Outlook

With the continuous implementation of our integrated strategy, in the FY2025, we will continue to launch new products and features, thereby facilitating and creating more opportunities for cross-selling among different modules. We will further strengthen our competitive advantage with more new products, greater integration, and higher ARR, which are unique to Beisen’s business model. Beisen has achieved a CAGR of over 12% in average revenue per client and a CAGR of 23% in ARR for the past five years. In particular, the ARR of Core HCM integration has grown at a CAGR of over 50%. Furthermore, contributed by the cross-selling of modules and the rapid growth of Core HCM, Beisen has consistently maintained a satisfactory level of net dollar retention rate at around 106% for the past five years. Additionally, the ability to serve organizations with over 10,000 employees achieved by Beisen’s integrated HCM SaaS based on PaaS has laid a solid foundation for Beisen’s strategy of retaining large customers.

As of 31 March 2024, more than 100 organizations with over 10,000 employees have been using our Core HCM and performance products, showcasing the range and delivery capabilities of Beisen’s standard SaaS products in meeting the needs of large-scale clients. We anticipate enterprises with over 10,000 employees will invest more in digital transformation, as such presenting us with a huge market opportunity. Building the capability to serve large-scale enterprises will help Beisen stand out from the competitors in capturing large-scale enterprises and thereby capturing a larger market share. Further, when compared with deployment versions, Beisen’s Core HCM Solutions offers standardized products, higher customer satisfaction, faster delivery, less customization, and better customer experience. The application of generative AI models further accelerates the replacement of the existing deployment versions by SaaS products and leads the new trend for human resources digitalization transformation.

In FY2025, our business strategy will focus on the following directions:

1. Comprehensive Support for the Globalization of Chinese Enterprises

The wave of Chinese enterprises venturing into overseas markets has arrived. We target to, by the end of September 2024, equip our products with the ability to comprehensively empower and support the globalization of Chinese enterprises. Our products will incorporate scenario-based capabilities in areas such as multilingual support, multiple time zones, multiple currencies, and compliance for overseas expansion. We strive to comprehensively support Chinese enterprises in their overseas talent recruitment, personnel management, attendance management, compensation management, performance management, and learning management through online applications, which will assist Chinese enterprises in their ventures into the global market and their global integration of human resources digital transformation.

2. Product in relation to digitalizing talent for executive management

Executives are the backbone of an enterprise. With over 20 years of research on executive competency, Beisen will develop a comprehensive closed-loop online management solution for large enterprises, covering profiling, selection and assessment, succession planning, performance evaluation, development, digitalization of archives, and intelligent recommendations of executives. This solution aims to help enterprises strengthen their core leadership and build a dynamic and capable executive team.

3. *Commercialization of our AI Interviewer, an AI-powered solution that truly understands talent*

With the inevitable emergence of AI innovation, Beisen has adopted a comprehensive all-in-AI strategy, incorporating generative AI, HCM SaaS, and talent management technologies, to assist enterprises in accurately identifying talent, effectively nurturing talent, and providing targeted talent development, thus creating a dual-driven talent innovation system powered by AI and talent management. The system can be applied to scenarios such as job modelling, talent acquisition, talent development, leadership development, and employee services. With our genes in talent management, we believe that the establishment of AI that “truly understands talent” would form a new barrier to entry for our competitors.

4. *Intensifying our focus on strategically significant sectors, particularly targeting state-owned enterprises and large-scale clients*

Our approach involves fortifying the Core HCM and Recruitment modules as the 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 development efforts are aligned with acquiring new clients with over 1,000 employees while enhancing cross-selling and upselling among existing clients. For Core HCM, we aim to expand our reach in scenarios involving organizations with over 1,000 employees, which will be achieved by leveraging cross-selling across various products, thus maximizing the value derived from each customer. As of 31 March 2024, there were more than 100 organizations with over 10,000 employees using our *Core HCM solutions* and performance products. In FY2025, through cross-selling across various modules, we will further increase the coverage and penetration of our HCM Core solutions amongst large-scale clients with over 10,000 employees.

5. *Continuously embracing the partnership ecosystem, and actively promote eco-partners*

During the Reporting Period, Beisen has achieved significant milestones in its partnership ecosystem. Through active promotion of the eco-partner program, we established long-term cooperation with over 150 eco-partners, building an ecosystem that facilitated our business growth. By adhering to the cooperation principles of openness, sincerity and mutual winning, we strategically collaborated with institutional partners such as DingTalk and Hand Enterprise Solutions Co., Ltd. (“**HAND**”) to strengthen our capabilities in human resources information technology solutions and project delivery. For instance, by combining Beisen’s leading products and platform capabilities with HAND’s technical experience in the field of digitization, we are able to create more innovative and competitive integrated solutions, and provide better experience and services for the digitization of human resources in large-scale enterprises. Such approach allows us to realize “customers success” by ensuring the success of our customers and their desired outcomes when using our products and services.

Furthermore, we enhanced the innovation capabilities of the Luban PaaS platform, achieving over 470 technological updates during the Reporting Period, enabling us to enhance our ability to provide customized development support to our eco-partners and client organizations. In addition, our PaaS platform has already gained customer recognition and assisted 608 enterprises in achieving personalized development and application, and supporting complex business needs. Furthermore, we have established partnerships with over 70 collaborators in our software ecosystem. Through the integration of multiple scenarios, we are able to meet the diverse needs of businesses and these collaborations enable us to provide comprehensive solutions that cater to various industry requirements and deliver enhanced value to our clients.

We have also established a strategic partnership with Hogan Assessment Systems, and are going to introduce comprehensive, layered and specialized assessment services. Beisen has made significant progress in building a healthy user ecosystem, aiming to provide customers with more valuable enterprise services.

6. *Continuously building a customer-centric customer service system to further improve service efficiency*

We are dedicated to providing our customers with comprehensive end-to-end solutions that guarantee both project delivery quality and service satisfaction. We will continuously implement digital tools to establish robust time management systems, streamlined project cost settlement processes, and other efficient mechanisms. These initiatives enable us to fine-tune and optimize our operational precision in service delivery, internal collaboration and operational efficiency, allowing us to refine our service performance and deliver exceptional value to our customers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

for the year ended 31 March 2024

	Note	Year ended 31 March	
		2024 RMB'000	2023 RMB'000
Revenues from contracts with customers	4	854,741	750,914
Cost of revenues	7	(339,814)	(335,350)
Gross profit		514,927	415,564
Selling and marketing expenses		(437,773)	(386,855)
General and administrative expenses		(184,889)	(165,725)
Research and development expenses		(350,870)	(303,329)
Net impairment losses on financial assets and contract assets		(3,779)	(2,909)
Other income	5	70,652	37,405
Other gains, net	6	2,010	37,737
Operating loss		(389,722)	(368,112)
Finance income		8,469	7,643
Finance costs		(2,019)	(3,072)
Finance income, net	8	6,450	4,571
Fair value changes of redeemable convertible preferred shares		(2,810,841)	(2,241,362)
Loss before income tax	7	(3,194,113)	(2,604,903)
Income tax (expense)/credit	9	(14,474)	5,911
Loss for the year		(3,208,587)	(2,598,992)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

for the year ended 31 March 2024 (continued)

	Note	Year ended 31 March	
		2024 RMB'000	2023 RMB'000
Loss is attributable to:			
– Owners of the Company		(3,208,587)	(2,598,992)
– Non-controlling interests		–	–
		<u>(3,208,587)</u>	<u>(2,598,992)</u>
Loss per share for loss attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	10	<u>(4.48)</u>	<u>(12.16)</u>
Loss for the year		<u>(3,208,587)</u>	<u>(2,598,992)</u>
Other comprehensive income/(loss):			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		(92,475)	(288,414)
<i>Items that may not be reclassified to profit or loss</i>			
– Currency translation differences		119,782	(243,838)
– Fair value changes of redeemable convertible preferred shares due to own credit risk		–	(2,110)
Other comprehensive income/(loss) for the year, net of tax		<u>27,307</u>	<u>(534,362)</u>
Total comprehensive loss for the year		<u>(3,181,280)</u>	<u>(3,133,354)</u>
Total comprehensive loss is attributable to:			
– Owners of the Company		(3,181,280)	(3,133,354)
– Non-controlling interests		–	–
		<u>(3,181,280)</u>	<u>(3,133,354)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2024

	Note	As at31 March 2024 <i>RMB'000</i>	As at31 March 2023 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		35,809	50,193
Right-of-use assets		25,293	56,814
Intangible assets		1,180	592
Deferred income tax assets		4,668	19,142
Other receivables and prepayments	13	1,940	12,947
Contract acquisition costs	4	29,716	31,215
Financial assets at fair value through profit or loss	11	5,420	27,881
Restricted cash		1,030	1,030
Total non-current assets		<u>105,056</u>	<u>199,814</u>
Current assets			
Contract acquisition costs	4	23,567	20,913
Contract assets	4	3,025	2,350
Trade receivables	12	31,161	22,593
Other receivables and prepayments	13	28,692	13,996
Financial assets at fair value through profit or loss	11	1,129,980	1,015,410
Term deposits		350,756	186,818
Restricted cash		52	175
Cash and cash equivalents		234,101	408,709
Total current assets		<u>1,801,334</u>	<u>1,670,964</u>
Total assets		<u><u>1,906,390</u></u>	<u><u>1,870,778</u></u>
EQUITY/(DEFICITS)			
Share capital		49	15
Share premium		13,146,247	623,064
Reserves		(943,493)	(1,164,394)
Accumulated losses		(11,047,935)	(7,815,314)
Equity/(deficits) attributable to owners of the Company		<u>1,154,868</u>	<u>(8,356,629)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2024 (continued)

	Note	As at31 March 2024 RMB'000	As at31 March 2023 RMB'000
Non-controlling interests		—	—
Total equity/(deficits)		1,154,868	(8,356,629)
LIABILITIES			
Non-current liabilities			
Redeemable convertible preferred shares		—	9,408,379
Lease liabilities		738	22,312
Contract liabilities	4	55,202	30,055
Total non-current liabilities		55,940	9,460,746
Current liabilities			
Trade payables	14	2,564	6,766
Other payables and accruals	15	210,079	256,664
Contract liabilities	4	460,936	469,334
Lease liabilities		22,003	33,897
Total current liabilities		695,582	766,661
Total liabilities		751,522	10,227,407
Total equity/(deficits) and liabilities		1,906,390	1,870,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

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

2 Basis of preparation and summary of material accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), interpretations issued by the IFRS Interpretations Committee (“**IFRS IC**”) applicable to companies reporting under IFRS and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial assets which are stated at their fair value.

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

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

2.2 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:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Definition of Accounting Estimates*
- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12, *International tax reform – Pillar Two model rules*

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

3 Segment information

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

All of the Group's revenues for the years ended 31 March 2023 and 2024 were generated in the PRC.

As at 31 March 2023 and 2024, all of the Group's long-lived assets are located in the PRC.

4 Revenues from contracts with customers

(a) Disaggregation of revenue from contracts with customers

Revenue for all the years presented are as follows:

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cloud-based HCM Solutions	632,227	537,259
Professional Services	222,514	213,655
	<u>854,741</u>	<u>750,914</u>

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

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Recognised over time	738,432	635,247
Recognised at a point in time	116,309	115,667
	<u>854,741</u>	<u>750,914</u>

(b) Contract assets

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

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Contract asset	3,223	2,436
Less: Allowance for contract assets	(198)	(86)
Total contract assets	<u>3,025</u>	<u>2,350</u>

(c) Contract acquisition costs

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

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

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Total contract acquisition costs	53,283	52,128
Less: amounts to be amortised within one year	(23,567)	(20,913)
Contract acquisition costs – non-current	<u>29,716</u>	<u>31,215</u>

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

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Asset recognised from costs incurred to obtain a contract	25,471	29,012
Amortization recognised as selling and marketing expenses related to services or products during the year	(24,316)	(18,043)

(d) Contract liabilities

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

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

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>404,130</u>	<u>398,407</u>

The amount of contract liabilities expected to be recognised as income after more than one year is RMB55,202,000 (2022: RMB30,055,000). All of the other contract liabilities are expected to be recognised as income within one year.

5 Other income

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Value added tax (“VAT”) refund (a)	42,389	32,082
Government grants	27,501	3,707
Additional deductible input tax	406	1,264
Others	356	352
	<u>70,652</u>	<u>37,405</u>

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

6 Other gains, net

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net fair value gains on financial assets at fair value through profit or loss	7,562	40,534
Net gains/(losses) on disposal of property, plant and equipment	114	(119)
Net foreign exchange losses	(3,319)	(623)
Others	(2,347)	(2,055)
	<u>2,010</u>	<u>37,737</u>

7 Loss before income tax

Loss before taxation is arrived at after charging:

(a) Staff costs

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries and bonuses	640,072	705,202
Pension cost-defined contribution plans	60,702	59,271
Share-based payments	292,380	57,075
Housing benefits	46,972	49,698
Other social security costs	35,963	36,163
Other employee welfare	32,295	32,665
	<u>1,108,384</u>	<u>940,074</u>

(b) Other items

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and amortisation charge		
– property, plant and equipment	26,593	23,821
– right-of-use assets	31,793	38,432
– intangible assets	176	92
	<u>58,562</u>	<u>62,345</u>
Technical service fees	35,636	37,696
Marketing expenses	15,588	24,996
Auditors' remuneration		
– Audit services	2,600	2,500
– Non-audit services	–	488
	<u>2,600</u>	<u>2,988</u>

8 Finance income, net

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income	<u>8,469</u>	<u>7,643</u>
Finance costs		
Interest expenses on lease liabilities	<u>(2,019)</u>	<u>(3,072)</u>
	<u>(2,019)</u>	<u>(3,072)</u>
Finance income, net	<u><u>6,450</u></u>	<u><u>4,571</u></u>

9 Income tax expense/(credit)

The income expense/(credit) of the Group are analyzed as follows:

	Year ended 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	–	43
Deferred income tax	<u>14,474</u>	<u>(5,954)</u>
Income tax credit	<u><u>14,474</u></u>	<u><u>(5,911)</u></u>

(a) *Cayman Islands*

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

(b) Hong Kong Income Tax

Hong Kong income tax rate is two-tiered profits tax regime, under which the tax rate is 8.25% or assessable profits on the first HK\$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 all the years presented.

(c) PRC Enterprise Income Tax (“EIT”)

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

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 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 all the years presented.

(d) PRC Withholding Tax (“WHT”)

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

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

10 Loss per share

(a) *Basic*

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

	Year ended 31 March	
	2024	2023
Numerator:		
Loss for the year and attributable to owners of the Company (<i>in RMB'000</i>)	(3,208,587)	(2,598,992)
Denominator:		
Weighted average number of ordinary shares outstanding, basic (<i>i</i>)	<u>716,515,715</u>	<u>213,740,420</u>
Basic net loss per share attributable to owners of the Company (<i>in RMB</i>)	<u><u>(4.48)</u></u>	<u><u>(12.16)</u></u>

- (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 years ended 31 March 2023 and 2024, the dilutive potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the years ended 31 March 2023 and 2024 are the same as basic loss per share of the respective periods.

11 Financial assets at fair value through profit or loss

(a) *Classification of financial assets at fair value through profit or loss*

The Group classifies the following financial assets at fair value through profit or loss:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Current assets		
– Wealth management products		
– Structured deposits	828,254	1,015,410
– Fund management products	301,726	–
Non-current asset		
– Unlisted equity investment	5,420	27,881
	<u>1,135,400</u>	<u>1,043,291</u>

As at 31 March 2024, the Group had held certain investments in fund management products issued by private funds established in Cayman Islands with principal and accrued interest in total amounted to US42,527,000 (equivalent to approximately RMB301,726,000). Up to the date of issuance of these financial statements, carrying values of such fund management products amounted to RMB174,427,000 and RMB117,449,000 have been recovered by the Group through redemption from the issuers and disposal to third parties at considerations approximate to their carrying values respectively.

(b) *Amounts recognised in consolidated statements of comprehensive loss*

During the years ended 31 March 2023 and 2024, the following gains were recognised in consolidated statements of comprehensive loss:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Fair value gains of financial assets at fair value through profit or loss recognised in other gains	7,562	40,534

12 Trade receivables

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from contracts with customers	36,330	26,370
Less: allowance for impairment of trade receivables	<u>(5,169)</u>	<u>(3,777)</u>
	<u>31,161</u>	<u>22,593</u>

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

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

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
– Up to 6 months	29,741	18,582
– 6 months to 1 year	2,749	3,220
– 1–2 years	1,918	3,902
– Over 2 years	<u>1,922</u>	<u>666</u>
	<u>36,330</u>	<u>26,370</u>

13 Other receivables and prepayments

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:		
Rental and other deposits	1,740	12,947
Prepayment for purchase of intangible assets	<u>200</u>	<u>–</u>
Sub-total	<u>1,940</u>	<u>12,947</u>
Current:		
Prepaid services and goods	15,465	8,418
Rental and other deposits	10,532	1,580
Others	<u>2,868</u>	<u>4,193</u>
Sub-total	<u>28,865</u>	<u>14,191</u>
Total	<u>30,805</u>	<u>27,138</u>
Less: allowance for impairment of other receivables	<u>(173)</u>	<u>(195)</u>
Net book amount	<u>30,632</u>	<u>26,943</u>

14 Trade payables

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>2,564</u>	<u>6,766</u>

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

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	<u>2,564</u>	<u>6,766</u>

15 Other payables and accruals

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Salary and welfare payable	154,193	184,187
Accrual for other taxes	42,145	41,216
Accrued service and goods	8,029	24,909
Accrued staff reimbursement	3,565	3,377
Personal tax refunds payable	1,601	1,901
Accrued listing expenses	16	191
Others	530	883
	<u>210,079</u>	<u>256,664</u>

16 Dividends

No dividends have been paid or declared by the Company or the companies now comprising the Group for the years ended 31 March 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The economy of China continued to recover steadily in 2023 despite the unfavourable macroeconomic conditions. Our business demonstrated its resilience in the face of multifaceted challenges. In particular, we have successfully navigated the impacts of macroeconomic uncertainties as well as market fluctuations during the Reporting Period and achieved positive growth in both total revenue and gross profit. During the Reporting Period, we have comprehensively upgraded our services to enhance the overall service efficiency and further improve our customer experience.

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 RMB854.7 million in the Reporting Period, representing a year-on-year increase of 13.8% (FY2023: RMB750.9 million). The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the years indicated.

	For the year ended 31 March				Change %
	2024 RMB'000	%	2023 RMB'000	%	
Cloud-based HCM solutions	632,227	74.0	537,259	71.5	17.7
Professional services	222,514	26.0	213,655	28.5	4.1
Total	854,741	100.0	750,914	100.0	13.8

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 17.7% from RMB537.3 million for the FY2023 to RMB632.2 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 by 8.1% from over 5,110 as of 31 March 2023 to over 5,530 as of 31 March 2024. We achieved a subscription revenue retention rate of 106% for the Reporting Period. Accordingly, our ARR experienced a growth from RMB649.9 million as of 31 March 2023 to RMB756.5 million as of 31 March 2024.

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 30.7% from RMB296.1 million as at 31 March 2023 to RMB386.9 million as at 31 March 2024. As at 31 March 2024, ARR for our Core HCM Integration accounted for 51% of our total ARR. The total number of Core HCM Integration customers increased to nearly 1,900 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 4.1% from RMB213.7 million for the FY2023 to RMB222.5 million for the Reporting Period.

Cost of Revenues

In the Reporting Period, the Company launched a new working hour system, which changed the performance appraisal method of the implementation personnel, thus improving the company's personnel efficiency. Our cost of revenues was RMB339.8 million for the Reporting Period (FY2023: RMB335.4 million), representing a year-on-year increase of 1.3%. Our cost of revenues after excluding the share-based compensation were RMB307.8 million (FY2023: RMB327.6 million), representing a year-on-year decrease of 6.0%, the percentage of which as a percentage of revenue decreased from 43.6% for the FY2023 to 36.0% 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 years indicated.

	For the year ended 31 March				Change
	2024		2023		
	Gross Profit <i>RMB'000</i>	Gross Margin %	Gross Profit <i>RMB'000</i>	Gross Margin %	
Cloud-based HCM solutions	486,533	77.0	401,448	74.7	21.2
Professional services	28,394	12.8	14,116	6.6	101.1
Total	514,927	60.2	415,564	55.3	23.9

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 RMB415.6 million and RMB514.9 million for the FY2023 and the Reporting Period, respectively. Our overall gross margin increased from 55.3% for the FY2023 to 60.2% for the Reporting Period.

Cloud-based HCM solutions. Gross profit for our cloud-based HCM solutions increased from RMB401.4 million for the FY2023 to RMB486.5 million for the Reporting Period. Gross margin for our cloud-based HCM solutions increased from 74.7% for the FY2023 to 77.0% for the Reporting Period.

Professional services. Gross profit for our professional services increased from RMB14.1 million for the FY2023 to RMB28.4 million for the Reporting Period. Gross margin for our professional services increased from 6.6% for the FY2023 to 12.8% for the Reporting Period.

Our overall gross profit and gross margins for our cloud-based HCM solutions and professional services increased for the Reporting Period primarily because of our efforts in improving cost-efficiency through focusing on performance management.

Selling and Marketing Expenses

Due to the change of the performance appraisal method of the Company, the district manager pays more attention to cost control and the matching of headcount and business performance, thereby improving efficiency. Our selling and marketing expenses were RMB437.8 million for the Reporting Period (FY2023: RMB386.9 million), representing a year-on-year increase of 13.2%. Our selling and marketing expenses after excluding the share-based compensation were RMB344.1 million (FY2023: RMB366.8 million), representing a year-on-year decrease of 6.2%, the percentage of which as a percentage of revenue decreased from 48.8% for the FY2023 to 40.3% for the Reporting Period.

General and Administrative Expenses

Our general and administrative expenses were RMB184.9 million for the Reporting Period (FY2023: RMB165.7 million), representing a year on year increase of 11.6%. Our general and administrative expenses after excluding the share-based compensation were RMB111.1 million (FY2023: RMB154.8 million), representing a year-on-year decrease of 28.2%, primarily due to one-time listing fees paid by the Company in FY2023, the percentage of which as a percentage of revenue decreased from 20.6% for FY2023 to 13.0% for the Reporting Period.

Research and Development Expenses

Our research and development expenses were RMB350.9 million for the Reporting Period (FY2023: RMB303.3 million), representing a year-on-year increase of 15.7%. With the maturity of the company's product modules and the improvement of research and development efficiency resulting from the Integrated Product Development process, the Company's research and development costs after excluding the share-based compensation decreased during the year. Our research and development expenses after excluding the share-based compensation were RMB257.9 million (FY2023: RMB284.9 million), representing a year-on-year decrease of 9.5%, the percentage of which as a percentage of revenue decreased from 37.9% for FY2023 to 30.2% 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 contract assets. We determine the provision for impairment of trade receivables and contract assets 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 RMB2.9 million and RMB3.8 million for the FY2023 and the Reporting Period, respectively.

Other Income

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

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

	For the year ended 31 March		
	2024	2023	Change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Value added tax (“VAT”) refund	42,389	32,082	32.1
Government grants	27,501	3,707	641.9
Additional deductible input tax	406	1,264	(67.9)
Others	356	352	1.1
Total	<u>70,652</u>	<u>37,405</u>	<u>88.9</u>

Other Gains, Net

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

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

	For the year ended 31 March		
	2024	2023	Change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Net fair value gains on financial assets at fair value through profit or loss	7,562	40,534	(81.3)
Net gains/(losses) on disposal of property, plant and equipment	114	(119)	(195.8)
Net foreign exchange losses	(3,319)	(623)	432.7
Others	(2,347)	(2,055)	14.2
Total	<u>2,010</u>	<u>37,737</u>	<u>(94.7)</u>

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 RMB4.6 million for the FY2023 to RMB6.5 million for the Reporting Period, primarily due to the increase in interest income from bank deposits of RMB0.8 million and the decrease in interest expenses on lease liabilities of RMB1.1 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-IPO Investments. Prior to the Global Offering, such redeemable convertible preferred shares have not been traded in an active market and their value at each respective reporting date is determined using valuation techniques. Our Directors have used the discounted cash flow method to determine the underlying equity value of our Company, and adopted equity allocation model to determine the fair value of such redeemable convertible preferred shares.

For the FY2023 and the Reporting Period, we had fair value changes of redeemable convertible preferred shares of RMB2,241.4 million and 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 RMB2,604.9 million and RMB3,194.1 million for the FY2023 and the Reporting Period, respectively.

Income Tax Expense

We recorded income tax expense of RMB14.5 million for the Reporting Period, as compared to income tax credit of RMB5.9 million for the FY2023.

Loss for the year

As a result of the foregoing, we recorded loss for the year of RMB2,599.0 million and RMB3,208.6 million for the FY2023 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 additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitates comparisons of operating performance from period to period and company to company. We believe that these measures provide 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.

We define adjusted net loss (a non-IFRS measure) as loss for the year 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 years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, for the years indicated.

	For the year ended 31 March		
	2024	2023	Change
	RMB'000	RMB'000	%
Gross profit	514,927	415,564	23.9
Add:			
Share-based payments included in cost of revenues	<u>31,971</u>	<u>7,718</u>	<u>314.2</u>
Adjusted gross profit (a non-IFRS measure)	<u>546,898</u>	<u>423,282</u>	<u>29.2</u>
Loss for the year	(3,208,587)	(2,598,992)	23.5
Add:			
Share-based payments	292,380	57,075	412.3
Fair value changes of redeemable convertible preferred shares	<u>2,810,841</u>	<u>2,241,362</u>	<u>25.4</u>
Adjusted net loss (a non-IFRS measure)	<u>(105,366)</u>	<u>(300,555)</u>	<u>(64.9)</u>

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 RMB234.1 million as of 31 March 2024, as compared to RMB408.7 million as of 31 March 2023, respectively. As of 31 March 2024, we did not have any unutilized banking facilities. Most of the cash and cash equivalents of the Group were denominated in Renminbi. The term deposits of the Group were denominated in Renminbi.

GEARING RATIO

The gearing ratio is calculated by dividing total liabilities by total assets and then multiplying by 100%. As of 31 March 2024, the Group's gearing ratio was 39.4% as compared with the gearing ratio of 546.7% as of 31 March 2023. The decrease in the gearing ratio was primarily due to the decrease in the proportion of the redeemable convertible preferred shares in the total liabilities from 92.0% as of 31 March 2023 to nil as of 31 March 2024.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group operated in China and the majority of the transactions were settled in Renminbi, which is also the functional currency of the Company's primary consolidated affiliated entities. As of 31 March 2024, except for the bank deposits and intra-group loans denominated in foreign currencies other than the functional currency of the Company, its subsidiaries and consolidated affiliated entities, the Group did not have significant foreign currency exposure from its operations.

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

CONTINGENT LIABILITIES

As of 31 March 2024, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

We mainly have capital commitments with respect to purchase of fixed assets and office renovation. Capital expenditure contracted for as of 31 March 2023 and 2024 but not recognized as liabilities were as follows:

	As of 31 March		Change %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
Within 1 year	3,455	2,751	25.6

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

The Group is exposed to currency risk primarily through intra-group loans which give rise to intra-group loans receivable and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HK\$ and RMB. The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The following table details the Group's exposure at the end of the Reporting Period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the end of the Reporting Period. Differences resulting from the translation of financial statements of operation with a functional currency other than RMB into the Group's presentation currency are excluded.

	At 31 March 2024	
	HK\$ <i>RMB'000</i>	RMB <i>RMB'000</i>
Cash and cash equivalents	3,199	1,089
Intra-group loan receivable due from a subsidiary	—	42,560
Gross exposure arising from recognised assets and liabilities	<u>3,199</u>	<u>43,649</u>

At 31 March 2023

	HK\$	RMB
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	64	1,408
Gross exposure arising from recognised assets and liabilities	64	1,408

Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss before income tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the Reporting Period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HK\$ and USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax and accumulated losses <i>RMB'000</i>	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax and accumulated losses <i>RMB'000</i>
HK\$	5%	(160)	5%	(3)
	-5%	160	-5%	3
RMB	5%	(2,182)	5%	(70)
	-5%	2,182	-5%	70

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and accumulated losses measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the Reporting Period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the Reporting Period, including intra-group loans from Beisen HK to the subsidiary, Sendou Shanghai which are denominated in a currency other than the functional currency of Beisen HK and not designated as part of the net investment in Sendou Shanghai. The analysis is performed on the same basis for FY2023.

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, other receivables and contract assets. 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 and Hong Kong. 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 receivables and contract assets

We have policies in place to ensure that trade receivables with credit terms are made to counter-parties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. We make periodic collective assessments or individual assessment as appropriate on the recoverability of trade receivables, other receivables and contract assets based on historical settlement records, past experience, current conditions and our view of economic conditions over the expected lives of trade receivables, other receivables and contract assets. 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.

Impairment on other receivables is measured as 12-month expected credit losses unless there has been a 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 receivables due. Where recoveries are made, these are recognized in profit or loss.

Liquidity risk

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

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

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 March 2023					
Trade payables	6,766	–	–	–	6,766
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	31,261	–	–	–	31,261
Lease liabilities	35,820	22,444	335	–	58,599
	<u>73,847</u>	<u>22,444</u>	<u>335</u>	<u>–</u>	<u>96,626</u>
As at 31 March 2024					
Trade payables	2,564	–	–	–	2,564
Other payables and accruals (excluding salary and welfare payable, accrual for other taxes)	13,741	–	–	–	13,741
Lease liabilities	22,492	674	80	–	23,246
	<u>38,797</u>	<u>674</u>	<u>80</u>	<u>–</u>	<u>39,551</u>

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. 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.

PLEDGE OF ASSETS

As of 31 March 2024, we did not pledge any of our assets.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As of 31 March 2024, 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, 22 September 2023, 11 October 2023, 2 November 2023 and 15 December 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 31 March 2024, the aggregated outstanding principal amount of the Group's wealth management products was RMB1,116.1 million, and the wealth management products (measured at fair value through profit or loss) as a percentage to the Group's total asset was 58.5%. As at 31 March 2024, the outstanding principal amount of certain wealth management products subscribed by the Group from Bank of China was RMB410.0 million, and the fair value of which was RMB416.6 million, accounted for 21.9% of the Group's total assets. The expected return rate for these products from Bank of China was 1.1% to 3.2%. As at 31 March 2024, the outstanding principal amount of certain wealth management products subscribed by the Group from Xiamen International Bank Co., Ltd was RMB230.0 million, and the fair value of which was RMB232.3 million, accounted for 12.3% of the Group's total assets. The expected return rate for these products from Xiamen International Bank Co., Ltd was 1.60% to 3.21%. Save as disclosed above, as at 31 March 2024, 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.

The following outstanding wealth management products (in aggregate) subscribed from each of the licensed banks had a percentage of over 5% to the Group's total assets as of 31 March 2024 respectively:

Subscription Date	Maturity Date	Name of Product	Name of Bank	Principal amount of subscription	Type of product and risk rating	Expected return rate	Investment scope of product	Fair value and relative size to the Group's total assets as of 31 March 2024
3 August 2023	6 August 2024	Linked Structured Deposit (institutional clients)	Bank of China	RMB20.0 million	Principal-guaranteed with guaranteed minimum return	1.4%-3.2%	AUD/USD exchange rate	RMB20.4 million; 1.1%
3 August 2023	6 August 2024	Linked Structured Deposit (institutional clients)	Bank of China	RMB50.0 million	Principal-guaranteed with guaranteed minimum return	1.4%-3.2%	AUD/USD exchange rate	RMB51.0 million; 2.7%
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	RMB101.6 million; 5.3%
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	RMB152.4 million; 8.0%
25 September 2023	1 April 2024	Linked Structured Deposit (institutional clients)	Bank of China	RMB90.0 million	Principal-guaranteed with guaranteed minimum return	1.1%-2.7%	AUD/USD exchange rate	RMB91.2 million; 4.8%

Subscription Date	Maturity Date	Name of Product	Name of Bank	Principal amount of subscription	Type of product and risk rating	Expected return rate	Investment scope of product	Fair value and relative size to the Group's total assets as of 31 March 2024
2 November 2023	6 May 2024	Corporate Structured Deposit Product (Type A of three-intervals pegged exchange rate)	Xiamen International Bank Co., Ltd	RMB30.0 million	Principal-guaranteed with guaranteed minimum return	1.60%/3.05%/3.15%	EUR/USD exchange rate	RMB30.4 million; 1.6%
13 November 2023	8 May 2024	Corporate Structured Deposit Product (Type A of three-intervals pegged exchange rate)	Xiamen International Bank Co., Ltd	RMB90.0 million	Principal-guaranteed with guaranteed minimum return	1.60%/3.05%/3.15%	EUR/USD exchange rate	RMB91.0 million; 4.8%
15 December 2023	5 June 2024	Corporate Structured Deposit Product (Type A of three-intervals pegged exchange rate)	Xiamen International Bank Co., Ltd	RMB35.0 million	Principal-guaranteed with guaranteed minimum return	1.60%/3.11%/3.21%	EUR/USD exchange rate	RMB35.3 million; 1.9%
21 December 2023	5 June 2024	Corporate Structured Deposit Product (Type A of three-intervals pegged exchange rate)	Xiamen International Bank Co., Ltd	RMB75.0 million	Principal-guaranteed with guaranteed minimum return	1.60%/3.11%/3.21%	EUR/USD exchange rate	RMB75.6 million; 4.0%

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended and as of 31 March 2024, the Group did not have plans for material investments and capital assets.

EMPLOYEES

As of 31 March 2024, we had 1,854 (31 March 2023: 2,085) employees in total. For the year ended 31 March 2024, the Group's total staff costs amounted to approximately RMB1,108.4 million, including salaries, wages, bonuses, share-based compensation, pension costs, other social security costs, housing benefits and other employee benefits. The Group continued to optimize the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

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 31 March 2024 and up to the date of this announcement.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 13 April 2023. Our Company received net proceeds (after deduction of underwriting fees and commissions and expenses payable by us) in connection with the Global Offering in the amount of approximately HK\$155.0 million. Such net proceeds have been and will be applied in accordance with the purposes as set out in the Prospectus by the

Company. The details of intended application of net proceeds from the Global Offering and the actual use of net proceeds as at 31 March 2024 are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK\$ million)	Utilised net	Unutilized net	Expected timeline of full utilization of the unutilized net proceeds ⁽¹⁾
			proceeds from the Global Offering as at 31 March 2024 ⁽²⁾ (HK\$ million)	proceeds from the Global Offering as at 31 March 2024 (HK\$ million)	
Further upgrade our integrated cloud-based HCM solutions					
(a) Integrate more seamlessly our cloud-based HCM solutions	15%	23.3	0.6	22.7	Before 31 December 2028
(b) Enhance the functionality and features of our Core HCM Solutions	15%	23.3	1.9	21.4	Before 31 December 2028
(c) Upgrade our other HCM solutions	5%	7.8	2.4	5.4	Before 31 December 2028
Continue to enhance our technology development capabilities					
(a) Upgrade our PaaS infrastructure	20%	31.0	0.6	30.4	Before 31 December 2028
(b) Expand R&D teams with enhanced R&D efficiency	10%	15.5	0.7	14.8	Before 31 December 2028
Strengthen our sales and marketing efforts					
(a) Expand our sales force nationwide	7%	10.9	10.9	–	Not Applicable
(b) Expand and diversify our sales and marketing channels	5%	7.8	7.8	–	Not Applicable
(c) Improve our sales and marketing technologies	3%	4.7	0.4	4.3	Before 31 December 2028
Enhance our customer success and services capabilities	10%	15.5	10.0	5.5	Before 31 December 2028
Working capital and other general corporate purposes	10%	15.2	12.4	2.8	Not Applicable
Total	100.0	155.0	47.7	107.3	

Notes:

- (1) 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.
- (2) The amount is calculated based on the benchmark exchange rate of RMB against Hong Kong Dollars as announced by the PRC on 25 June 2024 (i.e. HK\$1.00 to RMB0.91).
- (3) The figures in the table are approximate figures.

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

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended 31 March 2024.

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 C1 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 and since then the CG Code as contained in Appendix C1 to the Listing Rules has been applicable to the Company.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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.

SOCIAL RESPONSIBILITIES, ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. In August 2023, the Group made donation in the amount of RMB100,000 to Zhuozhou Civil Affairs Bureau (涿州市民政局) in support of flood victims in Zhuozhou. In December 2023, the Group donated RMB100,000 to Gansu Provincial Charity Federation (甘肅省慈善聯合總會) to support relief efforts in areas affected by the earthquake that struck Jishishan County in Gansu. In addition, in September 2023, we made donations of goods to support and help those in need in the Guixi Neighbourhood, Chengdu High-tech Zone, Chengdu. The environmental, social and governance report of the Company will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company together with the publication of the annual report of the Company.

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

For the year ended 31 March 2024, the Company repurchased a total of 107,000 Shares (the “**Shares Repurchased**”) on the Stock Exchange at an aggregate consideration (including transaction costs) of HK\$455,205.99. All of the Shares Repurchased were subsequently cancelled in March 2024. The repurchase was effected because the Board considered that a share repurchase in the then conditions demonstrates the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders. Particulars of the Shares Repurchased for the year ended 31 March 2024 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration (HK\$)
February 2024	107,000	4.35	4.15	455,205.99
Total	107,000	4.35	4.15	455,205.99

During the Reporting Period, the trustee of the RSU Scheme has purchased 2,332,200 Shares on the Stock Exchange, at a consideration ranging from HKD3.03 to HKD5.10 per share, representing an aggregate of approximately HKD9.2 million (including commission and transaction costs). The Shares purchased during such period will be used as awards for the participant(s) in the RSU Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2024.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive 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 audited consolidated financial statements for the year ended 31 March 2024) of the Group. The Audit Committee considered that the audited consolidated financial statements are in compliance with the applicable accounting standards, laws and regulations.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive loss and the related notes thereto for the year ended 31 March 2024 as set out in this annual results announcement have been agreed by the Company's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by KPMG on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.beisen.com. The annual report of the Company for the year ended 31 March 2024 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and dispatched to the Shareholders by the means of receipt of communications chosen by the Shareholders in accordance with the requirements under the Listing Rules.

ANNUAL GENERAL MEETING

The AGM is expected to be held on Friday, 20 September 2024. The notice of the AGM will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders by the means of receipt of communications chosen by the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 September 2024 to Friday, 20 September 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 13 September 2024.

APPRECIATION

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

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Friday, 20 September 2024
“Audit Committee”	the audit committee of the Board
“Beisen HK”	Beisen Holding HK Limited, a limited company incorporated in Hong Kong on 10 April 2018 and a wholly-owned subsidiary of our Company
“Board”, “our Board” or “Board of Directors”	the board of Directors
“CAGR”	compound annual growth rate
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Company”, “our Company”, or “the Company”	Beisen Holding Limited (北森控股有限公司), a company with limited liability incorporated in the Cayman Islands on 6 April 2018
“Consolidated Affiliated Entity”	entity we control wholly through the Contractual Arrangements, namely Onshore Holdco
“Director(s)”	the director(s) of our Company
“FY2023”	the financial year ended 31 March 2023
“FY2025”	the financial year ending 31 March 2025
“Global Offering”	the Hong Kong public offering and the international offering of the offer shares
“Group”, “our Group”, “the Group”, “we”, “us”, “our”, or “Beisen”	the Company, its subsidiaries and the Consolidated Affiliated Entity from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	13 April 2023, being the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules

“Onshore Holdco”	Beijing Beisen Cloud Computing Co., Ltd. (北京北森雲計算股份有限公司), a company established under the laws of the PRC on 17 May 2005 and the Consolidated Affiliate Entity of our Company
“Prospectus”	the prospectus of our Company, dated 30 March 2023, in relation to the Global Offering
“Reporting Period”	the year ended 31 March 2024
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of China
“Sendou Shanghai”	Sendou Shanghai Technology Co., Ltd. (森豆(上海科技有限公司)), a limited liability company established under the laws of the PRC on 10 July 2019 and a wholly-owned subsidiary of our Company
“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
“cloud-based”	applications, services or resources made available to users on demand via the internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“Core HCM”	core human capital management, which generally comprises of the functions of human resources (on-boarding and off-boarding, probation management, position transfer management, organization structure, contract management, personnel management), attendance management (attendance, scheduling, labour allocation) and payroll (salary accounting and payment, compensation structure optimization, social insurance and tax treatment, flexible benefits, commercial insurance)
“HCM”	human capital management
“PaaS”	platform as a service, a category of cloud computing that provides a platform and environment to allow developers to build applications over the internet
“SaaS”	software as a service, a cloud-based software licensing and delivery model on a subscription basis with centrally hosted associated data

“subscription revenue retention rate”

We use subscription revenue retention rate to measure growth in revenue generated from existing customers of our cloud-based HCM solutions over time. To calculate such metric for a given current 12-month period, we first identify those customers who generated cloud-based HCM solution revenue in the prior 12-month period (the “**Trailing Twelve Months**”) and then identify those among them who generated cloud-based HCM solution revenue in the current 12-month period. We then calculate the subscription revenue retention rate by dividing the subscription revenue such customers generated in the current 12-month period, by our total subscription revenue in the Trailing Twelve Months. The subscription revenues used in calculating our subscription revenue retention rate are based on our internal management accounts

“use case”

a specific business scenario in which a product or service could potentially be used

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

PRC, 25 June 2024

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